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Issued November 1940

# AGRICULTURAL ADJUSTMENT

## 1939-40

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A Report of the Activities of the  
Agricultural Adjustment Administration  
July 1, 1939, Through June 30, 1940



UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION





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UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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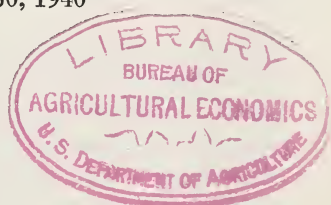
## 1939-40

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### A Report of the Activities Carried on by the Agricultural Adjustment Administration

Under the Provisions of the Agricultural Adjustment  
Act of 1938, the Soil Conservation and Domestic  
Allotment Act, and Related Legislation, from  
July 1, 1939, through June 30, 1940

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## LETTER OF TRANSMITTAL

UNITED STATES DEPARTMENT OF AGRICULTURE,  
AGRICULTURAL ADJUSTMENT ADMINISTRATION,  
*Washington, D. C., November 1, 1940.*

HON. CLAUDE R. WICKARD,  
*Secretary of Agriculture.*

DEAR MR. SECRETARY: Herewith is transmitted the seventh report of the Agricultural Adjustment Administration, reviewing its activities during the fiscal period July 1, 1939, through June 30, 1940. The program during this period was carried out in accordance with provisions of the Agricultural Adjustment Act of 1938, the Soil Conservation and Domestic Allotment Act, the Sugar Act of 1937, and related legislation.

The narrative and statistical data in this report cover a year in which the need for a national farm program as an implement of national security and defense was focused sharply against a background of world disturbance. Here is reflected not only the progress of 7 years of continued effort toward the adjustment of our farm problems and the conservation of our soil, but also the fact that the farmers of the United States, through their program, are able to act together to meet any emergency.

Sincerely yours,

  
*Administrator.*



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# Agricultural Adjustment 1939-40

## CHAPTER 1

### THE A. A. A. FARM PROGRAM—A BULWARK OF THE NATIONAL DEFENSE

#### FOREWORD

In this period of world crisis all our activities must be considered in relation to the paramount purpose of building our national defense and assuring our national security. It is in that light that this report of the activities of the Agricultural Adjustment Administration under the 1939 program is presented.

Agriculture is a bulwark of our defense. Agriculture has a substantial and significant contribution to make to national defense, and the effectiveness of our agricultural programs can influence measurably the rate at which we achieve total defense. The work of the A. A. A., along with that of all other agencies of the Department of Agriculture, is directed toward the goal of an impregnable national defense.

Agriculture is being and will be affected in many ways by the course of the defense program. Producers of the major export crops are suffering from the decline of export trade which the war abroad has caused. On the other hand, producers of farm commodities for which there is a more elastic demand, such as meats, fruits, and vegetables, have gained from some increased demand as a result of increased industrial production and employment. The defense program will accelerate some of the trends that are already present in our agriculture. American agriculture during the 1940's will be as different from that of the 1930's as the agriculture in the 1930's was different from that of the 1920's. In this changing agriculture the role of adjustment will be increasingly important.

Now, more than ever, farmers need the protection of a flexible method for adapting their operations to rapidly changing situations. They did not have this protection during and following the First World War. This 1939 report, along with brief mention of progress made in the first half of 1940, presents a picture of the relation of the A. A. A. program to the national defense.



## I. FLEXIBLE MACHINERY AVAILABLE

Beginning with the enactment of the Agricultural Adjustment Act of 1933 there has been built up, through legislation and through the experience of farmers and administrative officials, machinery for agricultural adjustment such as this country has never had before. The present machinery for carrying out a comprehensive farm program is in direct contrast to the unorganized agriculture during the years 1914 up to about 1930.

During the First World War farmers expanded their production haphazardly with little thought as to what the ultimate effect would be. During and after the First World War, American farmers plowed up 40 million acres of land for wartime demand. The results of this wartime plowup have remained with us in the form of duststorms, erosion, abandoned farms, lower farm income, and other penalties for misuse of the land.

Today there is no excuse for any such haphazard expansion of production as occurred during the First World War. Farmers have in operation a farm program which has protected them from the worst effects of world-wide economic distress and which is continuing to provide that protection. The machinery of this farm program is the result of a constructive evolution in farm programs. It has survived droughts, adverse court decisions, surpluses, and other emergencies, and it is stronger today than ever before.

### ADJUSTMENT STARTED IN 1933

In 1933 the immediate emergency was to reduce the existing surpluses of many crops. The machinery established by the act of 1933 did result in such adjustment. By 1935 it was apparent that besides adjustment there should be greatly increased emphasis on conservation, and plans were under way in 1935 for adapting the first emergency program to long-time needs. This adaptation was hastened by the decision of the Supreme Court in 1936 in the *Hoosac Mills case* and by the subsequent enactment of the Soil Conservation and Domestic Allotment Act of 1936, under which conservation of our soil was the principal goal.

The experience during 1936 and 1937, particularly in the latter year when crop production was especially large, proved that, along with efforts for soil conservation, farmers need some means to meet the problem of extra-large production in years of good crops. To meet this need Congress enacted the Agricultural Adjustment Act of 1938. This act superimposes additional measures upon the basic soil conservation legislation which farmers may use to promote orderly marketing and to regulate marketings of extremely large supplies. This act also provides for democratic application of these controls through referendums and similar expressions of producer-opinion.

When the great drought of 1934 demonstrated the need for carrying large reserves of food and feed crops from one year to the next, the idea of the Ever-Normal Granary gained wide attention. The Agricultural Adjustment Act of 1938 made possible the Ever-Normal Granary that is in operation today, holding abundant reserve supplies of food and feed for the Nation against the time when they may be needed for human consumption or livestock feed.



### PROGRAM FULLY USED IN 1939

The present A. A. A. program became fully operative for the first time in 1939. In that year the crop allotments were available to all farmers before planting time, commodity loans were available in time for most producers to take full advantage of them, and marketing quotas were approved by producers in some areas and disapproved in others. In 1939 producers demonstrated that they could work together on a national scale to adjust crop production effectively and that they would cooperate in the Ever-Normal Granary program.

The program in 1939 also demonstrated its essentially democratic nature. Provisions of the program are available for use if farmers wish them but only if farmers do wish them. If producers generally are opposed to applying the conservation program, they need not participate, and on marketing-control measures farmers have the power through referendums to make quotas effective or not effective. For example, tobacco growers in two of the principal producing areas decided against using marketing quotas for the year 1939, and the 1939 tobacco crop was grown and marketed without the quotas which had been in effect the previous year. For 1940 these growers voted to use the marketing quotas again.

In 1939 the soil-building provisions of the A. A. A. program were adapted more closely to the needs of farmers. Working on their own land, farmers throughout the Nation are improving the soil on a greater scale than ever before.

In short, in 1939 the A. A. A. farm program demonstrated that it is essentially a program of protection. It protects consumers. It protects the soil. It protects farmers. It protects our democracy.

## II. PROTECTION OF THE CONSUMER

The Ever-Normal Granary is the symbol of protection for the consumer. Today the Ever-Normal Granary is an accomplished fact—an assurance to consumers that we shall suffer no shortages of food or fiber. In this respect agriculture is better prepared for the national defense than any other industry. In the Ever-Normal Granary we have built up supplies of wheat which are about three times normal, and we have reserve supplies of corn that are four or five times as great as those previously carried. Other crops are in similar abundance. With these large reserves on hand, the task of farmers is to keep this Ever-Normal Granary full against the time when there may be poor crops or the need for larger supplies.

### NEW CONDITIONS PREVAIL

Since the war began and the national defense program got under way, some have pointed to the large reserves of major crops which are now on hand as evidencing ineffectiveness of the adjustment programs. Such a misunderstanding undoubtedly arises from confusing the methods of the present farm program and the methods used when the program first began.

The immediate emergency in 1933 was to reduce the burdensome carry-overs of that time. Until the 1930's the United States enjoyed a large export trade in agricultural commodities, and the problem of reserves was a minor one. A substantial portion of our crops was exported each year and in years of low production the problem was met simply by exporting less.

Today our situation is totally different, although the objective of abundant production remains unchanged. Our export market has been sharply curtailed and we are producing to a greater degree for our domestic requirements, depending much less than formerly upon the export markets. Under these circumstances, in any year that our production is materially lower than normal, as it was in the drought years 1934 and 1936, we need to guard ourselves against shortages by maintaining adequate reserves. This principle was clearly recognized a number of years ago, and it was written into law in the provisions of the Agricultural Adjustment Act of 1938 which established formulas for attaining Ever-Normal Granary supplies large enough to provide at all times ample reserves against shortages. With this new emphasis upon reserves, the Nation necessarily requires carry-over supplies somewhat larger than we have had in the past.

#### SUPPLIES HANDLED IN ORDERLY WAY

The carrying of large Ever-Normal Granary supplies such as we have on hand today, without depressing prices, would have been impossible before the present farm programs were in effect. Today adequate machinery is available to farmers, particularly in the loan programs, for the orderly handling of large supplies of our basic crops. With this machinery, abundant production becomes a benefit for the whole Nation, rather than the catastrophe it has sometimes been in the past.

The original A. A. A. program provided for livestock adjustment in the case of hogs. Since 1936, however, the farm programs have been directly concerned with crop production only. The basic assumption has been that the livestock industry can be aided through stabilizing the supplies and prices of feed grains and that over a period of time the price of feed grains will regulate the price of livestock. If farmers can operate continuously under the present Ever-Normal Granary program for a sufficient length of time, they can bring about a balance between feed grain supplies and livestock production that will be to the benefit of producer and consumer alike.

The Ever-Normal Granary program has enabled the farmer, particularly in the case of wheat, to market his crop in an orderly manner. Developments in the wheat market from the time of the 1939 harvest until January-April 1940, when much of the wheat under loan was redeemed by farmers, demonstrate these orderly marketing benefits. The average United States farm price of wheat was 55.7 cents a bushel in July 1939, 54 cents a bushel in August, and 88.9 cents in April 1940.

Farmers have gained from the operation of the loan program, but even with the loan program they have gotten less than parity prices for their crops. Farmers are still producing food and fiber for city consumers at less than parity.

### III. PROTECTION OF THE SOIL

Proper land use is a vital part of our national defense. During and following the First World War we misused millions of acres of grass-land which today we are still trying to restore to some form of safe use. At present we have enough land to produce all our present and prospective requirements of food and fiber, and we have stored up potential production in an Ever-Normal Granary of fertility in the soil which may be drawn on as needed.

As the A. A. A. has emphasized in the past, the provision under the agricultural adjustment program for acreage allotments for specific crops is one of the most significant attacks being made today on the problem of soil depletion. With acreage allotments farmers are guided in the acreages they plant to specified crops. They do not waste unneeded acres in producing crops for which there is no market, and which would only be surplus stocks pressing down on the price to farmers for their whole production. The land not used for producing cash crops is improved by being put to soil-conserving crops or by being tilled in ways that check erosion. These acres are an added reserve for the future.

#### A NATIONAL CONSERVATION EFFORT

Such agencies as the Soil Conservation Service and the agricultural experiment stations have done notable work in demonstrating on various projects the most effective methods for controlling soil erosion. This demonstrational work and the research supporting it have laid a basis for the Nation-wide conservation work which is being done under the A. A. A. farm program. In 1939, when 5¾ million farmers participated in the program, and in 1940 when more than 6 million farmers are estimated to have cooperated, every farmer was eligible to earn certain payments through putting into effect specified soil-building practices which improved the soil on his farm. These practices ranged from the seeding of soil-conserving crops to terracing and protecting land from wind erosion. They have been carried out farm by farm, the country over. When the constructive work done by the individual farmer on his own land is multiplied by 6 million, the total accomplishment is conservation of the greatest significance to our country and to its defense.

In 1939 further progress was made in adapting the national program to the conservation problems of States and even of particular areas within States. For example, in the Great Plains the program was adapted to meet the wind-erosion problem of that area. In the Great Plains States the dry climate and high winds during some seasons have created many local problems, not all of which are met in practices drawn up for Nation-wide or region-wide use. In meeting these problems, the 1939 Agricultural Conservation Program continued the previous policy of adding special wind-erosion-control practices to the regular program. These special practices, together with provisions which called for more extensive performance of other conservation practices, were offered in the special wind-erosion area.

As an outgrowth of the experience gained by dealing with special problems in this manner, a localized wind-erosion-control program



was developed for 1940. This program recognized the need for shaping all provisions of the national program into one concerted attack upon the area's problems. The development, however, was but another step in the over-all policy of fitting the farm program to meet both local and national farm problems.

### COVER CROPS PROTECT LAND

An outstanding example of conservation work done by individual farmers on their own farms is to be found in the large increase in winter cover crops in the South and Southeast where winter erosion of unprotected land has been one of the principal causes of soil loss. The use of cover crops in the Southern States has increased manyfold during the past decade. The 15 million acres which have been diverted from cotton production since the beginning of the A. A. A. programs have become available for growing more crops designed to conserve and rebuild the soil. Renewed emphasis has been placed on winter cover crops, including not only the small grains, but also Austrian winter peas, vetch, and the clovers. While much has been accomplished within the past few years, much more remains to be done.

In the Northeast, where farmers depend upon dairying for a large part of their income, the condition of pastures is of paramount importance. In this area pasture improvement by individual farmers under the A. A. A. program has been a major practice.

In the western range country, ranchmen cooperating in the range conservation program have restored and protected range forage through range-building practices. In the early years, the program emphasized better distribution of livestock and more uniform utilization of range forage. More recently there have been large increases in natural and artificial reseeding practices and measures for promoting water conservation and run-off control.

From the beginning, the program has pointed more and more at the conservation problems of the individual ranches. The program has made it possible for many range operators to develop plans of operation that make for more conservation, improvement, and increased efficiency of each ranching unit.

Throughout the soil-conservation work done by farmers in the A. A. A. program, there is an increasing interest in the putting of unneeded land to grass. We have paid too little attention to grass in this country but, under the encouragement of the A. A. A. program and with the growing recognition of the need for preventing erosion, our farmers are giving more and more attention to increasing our area of grassland.

### CROPS SHOW CONSERVATION RESULTS

In general, the benefits of conservation work are of long-time value. However, the beneficial effects of the conservation program are already becoming apparent in increased yields per acre of certain crops. This is notably true in the South where the yield of cotton in 1939 was 238 pounds per acre as compared with the 5-year (1928-32) average of 173 pounds per acre.

To many, this increase in yield appears contradictory to the purpose of the adjustment program. It is frequently asked why the Govern-

ment seeks to improve the yield of crops at the same time that it is advocating the growing of less acres of those crops. The answer is that the farm program aims at abundant production in terms of commodities, rather than of acres. There is no conflict between increasing agricultural efficiency and adjusting acreage of crops when the needs of the country can be produced on less acres. In fact, the two go together. Increased efficiency which lowers the cost per unit produced is encouraged by the A. A. A. program as it has been consistently encouraged by other public agencies which deal with agriculture. But increasing yields may harm farmers if such yields result in surpluses which reduce prices and farm income and more than offset the gains made by increased acre-yields. If farmers can produce the Nation's requirements on less acreage with less labor, they should do so. Our soil resources have been misused, and the more acres we can take out of depleting production to put to grass and to rest in other ways, the better off will be the individual farmer.

The conservation carried out by individual farmers taking part in the A. A. A. program is only beginning to show its value. Already much has been accomplished, but more must be done. In the first 3 years of the present A. A. A. program farmers have had an opportunity to learn some of the things they must do to care adequately for their soil. In the years ahead they will do these things to protect their soil, and thus they will contribute to the basic defense of the Nation.

#### IV. PROTECTION OF THE FARMER

The A. A. A. program has protected farmers against world-wide economic forces during the years that it has been in effect, but the full extent of this protection was realized only when the war broke out and our foreign trade in agricultural products was sharply curtailed. Without the protection offered to farmers by the Ever-Normal Granary program, without the acreage allotments and loans and marketing quotas and measures such as the export subsidy, farmers today would be in a most precarious position. With the protection afforded by these measures, farm income has been maintained at much higher levels than would have been possible without the farm program. Returns to farmers have been increased largely through supported prices and also through conservation and parity payments. Farm buying power in 1939 was 72 percent larger than in 1932 and was equal to that in 1929. Without a farm program, it is likely that the national farm income would have been  $2\frac{1}{2}$  billion dollars less in 1940 than it actually was.

Not only have prices and income in general been protected, but, under the crop insurance program for wheat, producers of this crop have been assured that they will have wheat to sell even though adverse weather or other unavoidable hazard reduces or destroys their crop.

Through the live-at-home programs, farmers have been encouraged to grow more food and feed and to improve their home living. The inclusion of a home garden practice in the program in 1940 has given an additional impetus to this work.

## NEED FOR ECONOMIC PROTECTION SHOWN

United States wheat and corn farmers have in the Western Hemisphere this year two striking examples of the plight of farmers who have been more exposed to the blows of world economic forces than United States farmers. United States wheat farmers have seen in Canada a distressing situation comprised of blockaded foreign markets, lack of storage space, and the lack of a program to adjust to such a situation. Canadian farmers in the fall of 1940 found themselves with record supplies for much of which they could find no storage, and which they were unable to market except as prescribed by Government regulations enacted to meet the emergency situation. The Canadians have a wheat program and eventually may add to it some form of farm adjustment, such as we have in the United States. In 1940, however, the distress and economic loss occasioned by the second largest wheat crop in Canadian history came at a time when energies were sorely needed for defense.

United States corn farmers find in Argentina a somewhat similar situation. Corn production in that country was unusually large this year, and prices fell to about 25 cents a bushel in terms of our currency. Argentine farmers are reported to have burned corn for fuel this year, just as our own farmers were forced to burn grain before there was a national farm program.

Elsewhere in this report there is explained in more detail the operation of this country's farm program for wheat and corn.

## V. DEMOCRACY IN ACTION

With much of the world outside the Western Hemisphere subject to dictatorship, it becomes doubly important that we maintain our democratic institutions at full strength. There are few who will not pay lip service to the ideal of democracy. We require more than lip service. We must have an actual working democracy. In the A. A. A. farmer committees who administer the farm program in the local counties and communities we have one example of such a working economic democracy.

The A. A. A. legislation provides the machinery for rapid, flexible mobilization of agriculture's strength. But the human organization that makes this machinery go is found in the local administration of the A. A. A. programs by county and community committees—which are elected by farmers themselves. There is a county committee in each of the 3,022 agricultural counties in the United States, and there are more than 24,000 community committees. The total number of county and community committeemen, including alternates, is more than 135,000. These committeemen, distributed as they are in every farming community in every agricultural county, constitute a great network of key leaders in agriculture—an organization which did not exist in the last war. This committee organization provides a direct channel through which information may go to farmers. It helps maintain farmer morale and gives to farmers a feeling of union and strength. It is through the local A. A. A. committees and other committees serving agriculture that the most rapid and effective mobilization of agriculture can be accomplished.



## WISHES OF MAJORITY FOLLOWED

The democratic principles of the farm program go farther than the annual election of committeemen. In other areas of action farmers actually decide by referendum whether or not certain provisions of the farm program shall be effective. Tobacco farmers in voting for 1939 marketing quotas failed to cast the necessary two-thirds majority vote required to sustain the quotas. Cotton farmers, on the other hand, voted 84.1 percent in favor of the marketing quotas. For 1940, however, tobacco farmers voted for reestablishment of the marketing quotas, and cotton farmers voted to continue them. The referendum method of submitting questions of economic action to producers themselves is an effective guarantee that the farm program is reflecting the wishes of the majority of our producers.

The farmer committee organization and administration and the use of the referendum provide convincing evidence that America can defend herself effectively and efficiently and can do it by democratic rather than by totalitarian methods.

## VI. PROBLEMS AHEAD

Agriculture at the beginning of the defense program finds itself in an excellent state of preparedness. But in the future agriculture faces some problems as difficult as those facing any of our other industries, or more difficult. The foremost of these, and the one that is basic to most of the other problems of agriculture, is the loss of export outlets for several of our major crops. The war thus far has cut off a large part of these markets and undoubtedly will continue to do so until there is peace. Even when peace comes, most countries will attempt control of trade for a considerable period.

The loss of export markets means that we are going to have to make some important adjustments in our agriculture. Probably the greatest changes will take place in the Cotton Belt. We have made substantial progress in adjusting production of cotton to the demand, but world conditions may require some further adjustments. Any change of the farming system in such a large area of the country will of course have repercussions on all our agriculture. Our task is not to impede these shifts but rather to make certain that the changes are made in an orderly manner and that the solution of the problem in one area does not lead to a greater problem somewhere else.

## AGRICULTURE MUST BE STRONG

In addition to the adjustments which must be made within agriculture, there will continue to be the problem of agriculture's relation to other groups in our economy. This applies particularly to the relationship between farm and nonfarm incomes and prices. During the period ahead when the defense program reaches a peak, agriculture must be economically strong if it is to do its part in national defense and if farmers are to have living standards comparable to those of the people in the cities. To have less is to impair defense.

Looking beyond the immediate future to the conclusion of the present hostilities and to the tapering off of the defense program, we can see that the problems of agriculture are likely to be more acute than they have ever been and that the need for a strong farm program is going to be greater than ever. The Nation will then be faced with the problem of absorbing into other employment large numbers who have been employed in defense industries. Without such reemployment there would be a diminishing national income with an accompanying decline in farm income.

The present adjustment program provides machinery whereby farmers, individually and collectively, can make their maximum contribution in the working out of the problems which lie ahead. The democratic methods of the program's administration and the opportunity for face-to-face discussions of problems by small groups of farmers and city workers and businessmen offer an unparalleled opportunity for making national adjustments in a democratic way.



## CHAPTER 2

### THE PROGRAM IN ACTION IN 1939

The A. A. A. farm program for 1939 marked the seventh year since the A. A. A. was established and the second under the Agricultural Adjustment Act of 1938. As the act was not approved until February 1938, the 1939 program marked the first full year's operation under the new legislation.

Operating details of the program had been worked out months ahead of the planting season at a national conference of administrative officials and farmer representatives from all 48 States, held in Washington in July 1938. Allotments and farm plans were ready. Referendums had been held and the question of marketing quotas for the crops to which quotas were applicable had been settled. It was apparent at the beginning that more farmers than ever before were ready to participate.

#### I. WHAT FARMERS FACED

Entering 1939, farmers were favored with prospects for continued improvement in the demand for agricultural products and for higher farm income than in 1938. There had been a decline of about 13 percent in cash farm income for 1938 from the figure for the preceding year, but the income was still higher than for any year from 1930 to 1935, and prospective increases in consumer purchasing power were expected to bring more money to farmers in 1939. However, favorable signs were somewhat darkened by the threats of world disturbance which eventually resulted in the outbreak of war in Europe in September, with far-reaching effects on exports, industrial activity, and consumer buying.

When the war finally broke, its immediate effect was to give new significance to the abundant supplies of the Nation's major crops that were being held in orderly storage under the Ever-Normal Granary plan against the day of need. The Ever-Normal Granary stood ready to serve the people of the United States in any emergency that might come.

It was understood, however, that, in spite of the value of plentiful reserve supplies in an emergency and forecasts of rising farm income, the year could be expected, under normal conditions, to bring large new crops to be disposed of or stored at a time when the situation was uncertain. The wholehearted cooperation of a great majority of all the farmers was the force that meshed the gears and drove the wheels of the 1939 program to meet that situation.

#### II. MECHANISMS OF THE PROGRAM

In conformity with the act, the 1939 program was directed toward these objectives: Better care of the soil; abundant supplies for all nor-

mal and emergency needs, with due regard for both farmers and the consumers living in towns and cities; and protection and improvement of farm income. These things represented broadly the whole practical purpose of agricultural adjustment.

The mechanisms that were used to bring about the agricultural adjustment gains of 1939 included all the working parts of the agricultural conservation program, income protection measures, the Ever-Normal Granary plan, and various other features and special programs administered directly by the A. A. A., along with related activities closely identified with the over-all program.

The agricultural conservation program, dealing directly with acreage adjustment and soil building, was supplemented by marketing quotas and price adjustment payments, which are also administered by the A. A. A. Crop insurance for wheat and commodity loans, made available through the Federal Crop Insurance Corporation and the Commodity Credit Corporation, respectively, were supporting features of the program administered in the field by A. A. A. farmer committees. Establishment of the crop insurance reserve of wheat and storage of commodities under loan were basic parts of the Ever-Normal Granary, which also was strengthened by the many activities of the Department having to do with conservation of soil and the achievement of a balanced agriculture.

Closely related activities, administered by separate agencies within the Department, included surplus removal operations, the food stamp plan, the export subsidy program, marketing agreements, and various lines of effort to develop new and wider uses of farm products. To these were added, early in 1940, the cotton stamp plan and the cotton mattress program.

### 1. THE CONSERVATION PROGRAM

The working parts of the agricultural conservation program were: Acreage allotments for major crops, aid to farmers in carrying out soil-building practices, and conservation payments.

#### ACREAGE ALLOTMENTS

Individual farm acreage allotments of soil-depleting crops under the 1939 Agricultural Conservation Program represented proportionate shares of national goals. The national goal for all soil-depleting crops was placed at 270,000,000 to 285,000,000 acres, and this was subdivided among the various crops as follows:

Cotton.....	27, 000, 000 to 29, 000, 000 acres
Corn.....	94, 000, 000 to 97, 000, 000 acres
Wheat.....	55, 000, 000 to 60, 000, 000 acres
Tobacco:	
Flue-cured.....	860, 000 to 900, 000 acres
Burley.....	375, 000 to 410, 000 acres
Fire-cured and dark air-cured....	160, 000 to 170, 000 acres
Cigar filler and binder.....	85, 000 to 90, 000 acres
Georgia-Florida type 62.....	2, 000 to 3, 000 acres
Potatoes.....	3, 100, 000 to 3, 300, 000 acres
Peanuts.....	1, 550, 000 to 1, 650, 000 acres
Rice.....	850, 000 to 880, 000 acres
Commercial vegetables, in designated counties.....	Equivalent of 1936-37 average acreages

A national restoration land goal of 6,000,000 acres—land on which a permanent vegetative cover should be restored—was established for designated wind-erosion areas.

The goals of the 1939 program were gaged to maintain farm production in balance with demand, with adequate reserves, and to maintain and improve soil fertility. The advantages inherent in balanced production and a conservation system of farming, as well as the assistance offered in the form of payments, conservation materials, loans, and crop insurance, formed the sound foundation on which the program continued to develop. The accomplishments of the Nation's farmers in their efforts to meet the established goals are described in the discussions of the program by commodities and regions in other chapters of this report.

#### THE SOIL-BUILDING PART OF THE PROGRAM

In addition to conservation of cropland not required for soil-depleting crops and restoration of permanent cover on land unsuited to continued cultivation, the 1939 conservation goal called for the carrying out of approved soil-building practices to conserve and improve soil fertility and to prevent wind and water erosion. Each participating farm had a soil-building goal to be achieved by carrying out such practices. Part of the conservation payment that the farmer could earn was based on his achievements under this part of the program.

The 1939 soil-building practices were adapted to the needs of States and localities in a manner that made definite assistance available to farmers in carrying out the conservation measures most needed on their land. Varying by areas and localities, particular emphasis was placed on grasses and legumes, permanent pastures, green manure and cover crops, forest tree practices, lime applications, superphosphate application in connection with soil-conserving crops, and erosion-control and water-conservation practices. The restoration of permanent vegetative cover to farm land was a special phase of the program applicable to wind-erosion areas in 10 States.

New plantings of grasses, legumes, and permanent pasture mixtures under the soil-building part of the 1939 program totaled 41,429,000 acres. Renovation of perennial grasses and legumes totaled 1,053,000 acres.

Plantings of green manure and cover crops as soil-building practices totaled 25,934,000 acres.

Forest tree practices, including the planting of forest trees, maintenance of stands, improvement of stands, nongrazing of woodlots, and, in the Northeastern States, rehabilitation of hurricane-damaged woodland, were carried out on 352,000 acres. A total of 221,000 tons of mulching material was applied to commercial vegetables and orchards.

Natural reseeding of pastures by deferred grazing was carried out on 3,470,000 acres; and 19,241,000 pounds of seeds were used in the artificial reseeding of pastures.

More than 25,960,000 acres were protected by the following erosion-control and water-conservation practices: Protected summer fallow, strip cropping, contour listing or furrowing, contour cultivation following small grains, contour farming of intertilled crops, pit culti-



vation, and protection of muck lands by windbreaks. In addition, the year's record included the construction of 355,000,000 linear feet of terraces; excavations of more than 11,146,000 cubic yards of material in the construction of many thousands of dams and reservoirs in the range country; construction of 4,082,000 linear feet of ditching; and 20,731,000 linear feet of contour ridging of pasture land.

Another of the outstanding achievements in the soil-building part of the program was the use of 5,792,000 tons of limestone and 637,000 tons of superphosphate by cooperating farmers in carrying out approved practices.

In all, the program has an impressive record of soil-building accomplishments, touching every State and county.

#### PAYMENTS

Conservation payments compensated farmers to some extent for making their proportionate adjustments in the national effort to bring about a more balanced production of soil-depleting and soil-conserving crops and helped them pay for needed soil-building practices. Along with these payments, price adjustment payments on wheat, corn, cotton, and rice helped bring the income from those crops nearer the parity level.

Conservation payments, including range conservation payments, in connection with the 1939 program totaled \$497,311,000; price adjustment payments totaled \$211,742,000. Thus, a combined total of \$709,053,000 was added to the cash income of the Nation's farmers for their 1939 adjustment efforts. In qualifying for this cash aid, farmers also were storing in their soil the accruing benefits of a conservation system of farming.

#### 2. INCOME PROTECTION

While acreage allotments and soil-building practices are designed to make farming safer and more profitable over a span of years, the A. A. A. also provides income-protection features that operate when conditions are unfavorable to farmers. These protective features are commodity loans and, in the case of wheat, crop insurance.

Loans continued to play an important part in the program for the major commodities in 1939 by stabilizing prices and, where supplies remained excessive, by enabling farmers to hold their crops in storage and thus avoid disorderly marketing. The principal crops on which loans were made during the year were corn, wheat, cotton, peanuts, tobacco, and gum naval stores.

Crop insurance, applicable only to wheat, gave producers of that crop an opportunity to insure against unavoidable crop losses and guaranteed an income from at least 50 or 75 percent of the farm's normal wheat production. Approximately 166,000 policies covering 7,200,000 acres of wheat were issued under this program in 1939, and indemnities totaling about 10,000,000 bushels of wheat were paid to insured producers who suffered unavoidable losses.

### 3. MARKETING QUOTAS

Established only in years of unusually burdensome supplies, marketing quotas promote orderly marketing and assure a fair share of the market to those farmers who are making an effort to balance supplies with demand. To become effective, quotas must be approved by two-thirds of the eligible producers voting in a referendum.

Farmers made use of marketing quotas for cotton in 1939 but failed to give the required two-thirds majority for quotas on rice and three kinds of tobacco. Referendums were necessary for all of these crops because the supplies were above the quota levels established in the Agricultural Adjustment Act of 1938.

A total of 1,169,663 cotton producers voted in the referendum on cotton quotas, and 84.1 percent of the votes were favorable. In the case of flue-cured tobacco, the favorable vote was 56.8 percent; for Burley tobacco it was 59.4 percent; and for fire-cured and dark air-cured tobacco, 60.4 percent. As these majorities were short of the required two-thirds, quotas were not effective.

The 1939 cotton crop was subject to marketing quotas, with marketings in excess of quotas subject to a penalty of 3 cents per pound.

### 4. EVER-NORMAL GRANARY

In a broad sense, the Ever-Normal Granary is a principle of agricultural planning that has to do with the building up and maintenance of abundant reserve supplies—reserves of surplus products in bins and warehouses, and reserves of fertility in the soil to guarantee abundant production in the future.

The A. A. A. program is focused directly on both phases of the plan. Payments, marketing quotas, and supporting loans aim at abundant but not burdensome reserve supplies—a storehouse of food and fiber that protects the Nation against scarcity on the one hand and protects the soil against exploitative use and rapid depletion on the other.

In 1939, marketing quotas for cotton and payments based on allotments played an important part in adjusting the supply of that crop and kept the surplus cotton from growing to an even more excessive level than it had reached. Storage loans on cotton, wheat, and corn held the reserves of those crops, which assumed impressive new importance in the light of national defense needs, in orderly storage and protected the income of the producers. In fact, all features of the A. A. A. farm program combined to give real and immediate value to the Ever-Normal Granary and to give farmers, and the people in towns and cities, the advantages of cooperative avoidance of wasteful overproduction.

### 5. THE SPECIAL PROGRAMS

To meet effectively the conditions peculiar to some of the subdivisions of agriculture, special programs were provided. These included the range conservation program, similar in operation to the agricultural conservation program and applicable to the range areas of the West and Southwest; the naval stores conservation program,

adapted to the needs of gum naval stores producers of the southern coastal areas; the program of the Insular Region, an adaptation of the agricultural conservation program to the islands and territories of the United States; the conservation materials and services program, under which special aid was extended to cooperating farmers in carrying out soil-building practices; and the sugar program, operating under separate legislation but administered in the field through the A. A. A. local committees. The range, naval stores, insular, and conservation materials and services programs are discussed in detail in chapter 4; the sugar program is discussed in detail in chapter 6.

Other special functions of the A. A. A. in 1939 included the activities of the Consumers' Counsel Division, representing consumers' interests in the planning and administration of the general program, and of the Division of Information, in charge of the national informational work of the agency. (See appendix C, p. 149.)

### III. NATIONAL PARTICIPATION

The increased use of conservation materials in 1939, the rapid development of the Ever-Normal Granary principle of balanced agricultural production, and the successful operation of the various auxiliary features of the program, such as loans, crop insurance, the export program, and the food stamp plan, all offered evidence of increased participation.

Actually, a total of 5,756,240 farmers qualified for conservation payments as a result of their cooperation in the 1939 program. This was an increase of almost 10 percent over the number participating in the 1938 program and 58 percent over the number participating in 1937.

The cropland on participating farms in 1939 represented 78 percent of all cropland in the United States.

The fact that the average of all conservation payments was \$86 indicated that the bulk of the program's benefits went to the smaller operators.

Altogether, 48,196 ranch operators in 17 western States received payments totaling \$12,145,000 for participating in the 1939 range program. The payments covered conservation measures on a total of 213,378,795 acres of range land.

Participation continued to grow in 1940. Preliminary estimates indicate that more than 6 million farmers, a large majority of all the farmers in the Nation, will qualify for payments under the 1940 program.

### IV. ADMINISTRATION OF THE PROGRAM

The local administration of the A. A. A. program, in its various phases, is in the hands of community, county, and State committees of farmers, who are assisted by regional representatives of the A. A. A. and by the Agricultural Extension Service.

All farmers taking part in the program are members of county agricultural conservation associations, and community committees are elected annually from and by the members of these associations in



each community. At the same time delegates to the county convention are chosen who, in turn, elect three farmers as members of the county committee. The county committee elects a secretary, who may be the county agent. In event the county agent is not selected, he is nevertheless an ex officio member of the committee. The county committee, in general, administers the local details of the program, with community committeemen assisting as they are needed.

In 1939 there were approximately 3,000 county committees in the United States. The committeemen were paid for their services on a per diem basis, and these and other administrative expenses of the county associations were prorated among all participating producers in the county as small deductions from conservation payments.

The State committees are composed of farmers, usually four in number (appointed by the Secretary of Agriculture), and the State director of the Agricultural Extension Service. The appointments are made on the recommendation of the Administrator, who generally consults with local farm leaders before making his recommendations. The State committees are in charge of the application of the program in the States.

The central administration in Washington is headed by the Administrator. Under his direction, the responsibility for carrying out the program in 1939 and for shaping A. A. A. policies, within the framework of the farm legislation, was held by six regional division directors, a director of information, and a consumers' counsel director. The regional directors were in charge of the program in five geographical divisions of the United States—Northeast, East Central, Southern, North Central, and Western—and in the Insular Region, which included Puerto Rico and the Territories of Alaska and Hawaii. In 1940 the administration of the program in the Insular Region became a part of the Division of Special Programs, and the Consumers' Counsel Division was placed under the Director of Marketing, Department of Agriculture. The Sugar Division was made a part of the A. A. A. as of February 1, 1940.

## V. DEVELOPMENT OF THE 1940 PROGRAM

Past experience and the well-considered suggestions of farmers from all regions and localities were the basis on which the 1940 program was planned. In line with the practice of other years, a national conference of farmers and A. A. A. administrative officials from all 48 States was held in Washington in July 1939, and the final details of the new program, involving a few minor changes in response to the sentiment of farmers and field personnel, were evolved. In general, however, the 1940 program was substantially the same as that of 1939.

New provisions were included for the purpose of better adapting the program to local conditions, with special consideration being given to the small farmer.

The new provisions extended the features of the program regarding commercial peanuts and vegetables to more counties than were included in the area in 1939; encouraged further conservation measures on small farms by assuring at least a possible payment of \$20 for all participating farms; provided soil-building practices to meet local

needs more adequately; encouraged wildlife conservation; and sought to promote the growing of home gardens in designated areas where food production on the farm was generally inadequate for home needs. As a means of encouraging the planting of forest trees on farms, the 1940 program included a provision enabling any farmer to earn as much as \$30 by planting forest trees in addition to the regular farm payment for carrying out soil-building practices.

The 1940 program for wheat, corn, cotton, peanuts, potatoes, rice, tobacco, commercial vegetables, and general soil-depleting crops remained substantially the same as in 1939. National acreage goals for individual crops were as follows:

Wheat.....	60, 000, 000 to	65, 000, 000 acres
Corn.....	88, 000, 000 to	90, 000, 000 acres
Cotton.....	27, 000, 000 to	29, 000, 000 acres
Rice.....	880, 000 to	900, 000 acres
Peanuts.....	1, 550, 000 to	1, 600, 000 acres
Potatoes.....	3, 100, 000 to	3, 300, 000 acres
Tobacco:		
Flue-cured.....	730, 000 to	770, 000 acres
Burley.....	360, 000 to	370, 000 acres
Fire-cured and dark air-cured.....	155, 000 to	165, 000 acres
Type 41.....	30, 000 to	31, 000 acres
Cigar filler and binder.....	60, 000 to	63, 000 acres
Georgia-Florida type 62.....	2, 500 to	3, 000 acres
General crops.....	145, 000, 000 to	150, 000, 000 acres
Commercial vegetables.....	Equivalent of 1936-37 acreages	

Provisions of the program applicable to restoration land were strengthened in order to encourage farmers to establish permanent vegetative cover on land which should not be cultivated.

The 1940 range program encouraged the establishment and improvement of permanent cover on range land, with greater emphasis than in 1939 on supplemental range conservation practices in connection with deferred grazing. To encourage improvement of small ranches, the 1940 program provided that every participating rancher would at least have an opportunity to earn an amount equivalent to 10 cents an acre, up to 640 acres, for carrying out range-building practices. The amount possible to be earned in most cases was of course more.

In general, the 1940 A. A. A. farm program was formulated with careful attention to the current European war situation and its possible effects on American agriculture. The broad aim was a continuation and further development of the conservation and adjustment measures provided for in the law and the maintenance of production that would balance with demand, whatever that demand might prove to be.



## CHAPTER 3

# THE PROGRAM FOR THE BASIC CROPS

## I. THE PROGRAM FOR WHEAT

The A. A. A. program for wheat, under which a definite wheat policy has been developed as a part of the national agricultural adjustment effort, had its first year of full and effective operation in 1939. It was a year of sustained progress, leading to new gains in participation and adjustment in 1940, and giving the country an example of national cooperative action in working toward the solution of problems that had been many years in the making.

### 1. BACKGROUND OF THE WHEAT PROBLEM

In the development of a national wheat policy under the A. A. A. two fundamentals have been recognized from the start: First, that this country has consistently produced more wheat than our people can consume; second, that world developments have reduced our opportunities for exporting wheat on the scale to which we have been accustomed in the past.

#### REMEDIES ATTEMPTED IN THE PAST

The principal efforts of the wheat industry in the early 1920's were directed toward restoring the era of an expanding home market and a ready market abroad. Loans were extended to foreign customers who either were unwilling or did not have the exchange to buy from us. This effort to reopen market opportunities ended when the loans began falling due. At that point the United States wheat farmer found that a large part of his foreign market had been artificial, created by loans never repaid. Development of trade barriers and nationalistic policies of self-sufficiency led to expansion of foreign wheat production and further reduced our wheat outlets.

During the same period, large-scale cooperative marketing associations were established in an effort to improve the domestic situation. But it soon became evident that, although many benefits were to be derived from cooperation, the associations alone would not solve the problem.

Price stabilization next was undertaken, first through loans to co-operatives to enable them to hold their products off the market, and later through the large-scale purchase of wheat by a stabilization agency of the Federal Government. These measures proved inadequate, however, indicating that stabilization purchases and storage would not correct the wheat situation without some concurrent form of adjustment of acreage and production.

### THE A. A. A. COMES INTO THE PICTURE

Recognizing the inadequacy of previous measures, the Agricultural Adjustment Act of 1933 provided a program to adjust production more in line with domestic and foreign markets. Due partly to the A. A. A. program and partly to widespread drought through wheat areas, the surpluses of wheat that were piled high in the early 1930's were reduced in the period from 1933 to 1936. The stagnant world wheat situation also temporarily improved during the same period as low yields generally reduced surpluses and increased demand.

In 1936 the A. A. A. program was interrupted by a Supreme Court decision nullifying the control feature of the act. At the same time, attractive prices which followed the elimination of both domestic and world surpluses encouraged farmers to seed more wheat. Stop-gap legislation, under which the A. A. A. continued to operate after the Supreme Court decision, proved inadequate. In fact, with no program specifically for wheat either in 1937 or 1938, seedings were greater than ever before in history. For 2 successive years the carry-over of wheat nearly doubled. The 1938-39 supply reached a level that had been exceeded only three times.

The world situation was worse. A record world crop in 1938 led to a record world supply of wheat in 1939. The world price of wheat dipped toward the lowest point since 1592. And the United States farmer, whose wheat plant was developed to supply not only his home market but also a substantial part of the world market, faced the prospect of seeing his own surplus rise and his own price drop in line with the world surplus and price. It was the old problem, born in the world-wide economic readjustments that grew out of the First World War, becoming more acute as another great war approached.

### FARMERS FOLLOW MIDDLE-OF-THE-ROAD PLAN

To meet the situation, wheat farmers directed the new program, put into operation under the Agricultural Adjustment Act of 1938, down a middle-of-the-road course between the extremes of unrestrained competition for world markets, regardless of price, and complete withdrawal from the world wheat trade.

First of all, the program provided the machinery for necessary adjustments in acreage, not in order to put wheat production on a domestic basis only, but to adjust production to a level that would provide enough wheat for export as well as for domestic and reserve needs. At the same time the program put into operation a plan to encourage greater use of surpluses at home and an export program to help the American farmer hold a fair share of his market abroad. Other features of the program included storage loans, marketing quotas, and crop insurance.

These measures were designed to protect the producer's income, insure an abundant and orderly flow of wheat to market every year, and provide an Ever-Normal Granary wheat reserve for emergency needs and national defense.

### PROBLEM COMPLICATED BY WAR

Just as wheat farmers were swinging their program into effective action, the world was shaken by the outbreak of war in the fall of 1939.

Immediately the question arose as to whether or not the resulting changes would automatically solve the problem of demand and price. As wheat farmers studied the 1939 world situation and compared it with that of 1914, they found the answer. Conditions were different. World supplies of wheat were much larger than in 1914. Importing countries, for the most part, had large reserves. Trade was more closely restricted. In fact, there was nothing to indicate that prices would follow the same course as in the 1914-19 period.

The result was that wheat producers stood firm. Wheat seedings for the 1940 crop were not noticeably increased. Developments through the opening phase of the war indicated the wisdom of this course. Exports of wheat during the first 6 months of the war were less than a fourth of the amount exported during the same period a year before. Exports to the United Kingdom, the chief foreign market, were negligible.

## 2. THE WHEAT PROGRAM IN ACTION

Wheat farmers did not have the opportunity to make full use of their program until they began seeding for the 1939 crop. This was due to the fact that most of the 1938 wheat had already been seeded when the farm act of 1938 was passed.

The new program, with its basic provision for individual farm acreage allotments for wheat, determined in line with the requirements of a sound plan of agricultural conservation, offered producers a new and better plan for bringing about needed adjustments.

### ACREAGE ALLOTMENTS

Through acreage allotments, wheat farmers, cooperating on a Nation-wide scale, have the opportunity to make such adjustments in their wheat acreage, up or down, as reserve supplies and prospective markets justify. They can, in short, aim at a supply of wheat sufficient to take care of all our needs, including reserves for emergencies and national defense, yet which will not be so excessive as to undermine wheat income. Individually, their allotments take into account the amount of wheat the farm has produced in the past as well as the amount the farm should supply if operated on a sound, soil-conserving basis.

A national wheat acreage allotment of 62.5 million acres was established for 1938 under the act, but it became effective too late to change seedings and was only for the purpose of calculating payments, a producer's wheat payment being based on the normal production of his wheat allotment. Seedings for the year totaled 79.6 million acres, near the record of 81.1 million acres in 1937. The average yield in 1938 was 11.7 bushels per seeded acre, the largest in 7 years. This resulted in a crop of 932 million bushels, near the all-time record.

By 1939 wheat farmers received their acreage allotments well ahead of planting time. The national allotment was 55 million acres. This was distributed among States, counties, and farms in accordance with the act. The acreage harvested was slightly less than the national allotment but the acreage actually seeded was 64 million acres, a reduction of 20 percent from the preceding year, and the largest reduction ever made in a single year. The yield per seeded acre was 11.8



bushels and the total production was 755 million bushels. About 73 percent of the Nation's wheat producers complied with the program.

Because of the adjustment accomplished in 1939, it was possible to increase the national allotment from 55 million to 62 million acres for 1940. Actual seedings again were about 64 million acres.

A national wheat acreage allotment of 62 million acres for 1941, the same allotment as that for 1940, was announced on May 14, 1940, giving producers ample time to plan their seedings.

The national wheat allotment, under the act, is the acreage needed, at the national average yield, to provide enough wheat, together with the carry-over, for normal domestic consumption and exports plus 30 percent of that amount as a reserve.

State wheat acreage allotments for 1939 and 1940, with seedings in those years, and the State allotments for 1941 as announced in May 1940 are shown in table 1.

TABLE 1.—Wheat acreage allotments, 1939-41, and seeded acreages of wheat, 1939-40

State	1939		1940		1941 acreage allotment <sup>2</sup>
	Acreage allotment	Seeded acreage	Acreage allotment	Seeded acreage <sup>1</sup>	
Alabama.....	4,734	7,000	5,281	7,000	5,433
Arizona.....	30,554	35,000	35,534	38,000	35,793
Arkansas.....	65,115	49,000	67,385	42,000	67,549
California.....	626,306	706,000	698,754	833,000	699,447
Colorado.....	1,314,022	1,663,000	1,472,639	1,607,000	1,473,720
Delaware.....	68,405	75,000	74,033	76,000	73,567
Georgia.....	123,630	196,000	137,416	216,000	140,058
Idaho.....	895,549	960,000	989,702	1,036,000	994,637
Illinois.....	1,789,192	1,951,000	1,938,259	1,845,000	1,936,653
Indiana.....	1,481,810	1,627,000	1,601,447	1,559,000	1,604,332
Iowa.....	389,177	447,000	456,046	376,000	455,834
Kansas.....	11,067,349	13,895,000	12,789,001	12,948,000	12,798,697
Kentucky.....	337,534	464,000	406,727	441,000	409,528
Maine.....	4,387	4,000	4,163	4,000	4,283
Maryland.....	350,926	396,000	384,403	404,000	382,487
Michigan.....	669,954	766,000	739,792	794,000	740,613
Minnesota.....	1,418,702	1,609,000	1,663,684	1,756,000	1,652,047
Mississippi.....	74				
Missouri.....	1,705,277	1,886,000	1,963,713	1,752,000	1,955,278
Montana.....	3,414,642	4,041,000	3,783,007	4,469,000	3,767,254
Nebraska.....	3,049,982	3,978,000	3,560,400	3,360,000	3,553,082
Nevada.....	11,968	20,000	14,653	21,000	14,679
New Jersey.....	46,924	70,000	53,782	72,000	54,455
New Mexico.....	313,553	368,000	357,895	402,000	357,617
New York.....	218,158	278,000	239,009	299,000	239,496
North Carolina.....	363,117	443,000	397,894	443,000	400,512
North Dakota.....	8,300,488	8,378,000	8,964,389	9,106,000	8,935,948
Ohio.....	1,654,847	2,038,000	1,838,127	1,977,000	1,847,042
Oklahoma.....	3,783,954	4,851,000	4,515,610	5,094,000	4,508,595
Oregon.....	768,303	838,000	851,458	903,000	849,116
Pennsylvania.....	772,659	954,000	849,933	964,000	850,089
South Carolina.....	110,846	216,000	123,723	225,000	126,165
South Dakota.....	2,943,821	3,006,000	3,245,869	3,169,000	3,254,973
Tennessee.....	337,139	388,000	375,696	357,000	376,432
Texas.....	3,684,863	3,919,000	4,221,706	4,154,000	4,253,335
Utah.....	209,724	263,000	234,938	290,000	235,469
Vermont.....	104		77		
Virginia.....	482,719	542,000	526,373	553,000	525,716
Washington.....	1,681,159	1,943,000	1,851,030	2,168,000	1,850,918
West Virginia.....	115,312	157,000	129,887	152,000	131,521
Wisconsin.....	90,203	93,000	99,128	91,000	99,047
Wyoming.....	302,818	376,000	337,437	385,000	338,583
United States.....	55,000,000	63,896,000	62,000,000	64,388,000	62,000,000

<sup>1</sup> Preliminary estimate.

<sup>2</sup> National acreage allotments for 1940 and 1941 were the same, but State allotments varied for the 2 years due to the fact that the allotments in each year were made on the basis of the average acreage for the preceding 10 years.

## MARKETING QUOTAS

In planning their program, wheat producers recognized that, even with acreage allotments in operation, a period of several years of unusually good growing weather and high yields might build wheat supplies up to excessive levels—above requirements for domestic consumption, above export possibilities, and above reasonable needs for reserves against scarcity.

To meet such a situation, the act provides for the use of marketing quotas when the estimated supply as of the beginning of any marketing year exceeds a normal year's domestic consumption and exports by more than 35 percent. In such years the Secretary of Agriculture is directed to declare quotas in effect by May 15, subject to the approval of two-thirds of the producers voting in a referendum not later than June 10.

Marketing quotas for wheat were not used in the first 3 years after the act was passed. The law specifically provided that quotas should not be proclaimed for 1938 unless parity payments were made available prior to May 15, 1938. Funds for parity payments on wheat were not made available.

On the basis of statistics available before May 15, neither the 1939 nor the 1940 supply exceeded the quota level. For the 1939–40 marketing year a supply of 974 million bushels was estimated, well below the 1939 marketing quota level of 1,021 million bushels, which would have been required to bring the total supply to 35 percent above a normal year's domestic consumption and exports. The 1940–41 supply, as estimated on May 14, 1940, was 949 million bushels, also well below the marketing quota level of 1,023 million bushels determined for 1940. The estimated normal year's domestic consumption and exports consisted of an average domestic consumption of 692 million bushels and average exports of 66 million bushels during the 10 years ending June 30, 1939.

## WHEAT PAYMENTS AND INCOME

The provisions of the wheat program in themselves protect the wheat farmer's income. But until farmers get more nearly a fair share of the national income, conservation and parity payments serve to augment farm returns from the soil.

In 1939, farmers who seeded within their wheat allotments earned a conservation payment of 17 cents per bushel and a parity payment of 11 cents per bushel on the normal yield of their allotments. In addition, they were eligible to place wheat under the Government loan. The 1939 loans averaged 63.3 cents per bushel.

Cooperating wheat farmers, therefore, were assured on the average at least 91 cents per bushel on their normal yields. However, a farmer who stored his wheat under loan until April sold it for an average of 88.9 cents. This, together with the 28 cents in A. A. A. payments, gave the farmer a total of \$1.17 per bushel for his wheat, out of which he paid 3 percent interest on his loan, and storage and other charges.

In the calendar year 1939, cash farm income from wheat, including payments, was estimated at \$534,267,000. In 1938 wheat income totaled \$446,500,000, and in 1932 only \$199,800,000. Wheat production was approximately the same in 1939 as in 1932.

With a conservation payment of 8.1 cents a bushel and a parity payment of 10 cents a bushel, farmers who seeded within their 1940 allotments could earn a total of 18.1 cents per bushel on the normal yield of their allotments. And, with the anticipated loan value of at least 63 cents per bushel added to the A. A. A. payments, the 1940 cooperators were assured on the average at least 81 cents a bushel on the normal yield of their allotments.

Wheat payments for 1939 by States with participation estimates are shown in table 2.

TABLE 2.—*Estimated 1939 wheat conservation and parity payments, by States, and participation*

State	Conservation payments <sup>1</sup>	Parity payments	Parity payees	Average size parity payment	Estimated <sup>2</sup> participation
	Thousand dollars	Thousand dollars	Number	Dollars	Percent
Alabama.....		1	49	9.80	9.6
Arizona.....	96	63	677	93.70	85.0
Arkansas.....	6	8	861	9.77	15.1
California.....	1,161	854	7,221	118.22	75.1
Colorado.....	1,408	946	26,784	35.34	76.1
Delaware.....	212	120	3,500	34.21	90.4
Georgia.....	( <sup>3</sup> )	9	271	34.93	8.5
Idaho.....	2,735	1,777	29,401	60.43	85.5
Illinois.....	2,972	2,051	92,397	22.19	66.4
Indiana.....	2,656	1,804	106,361	16.96	68.8
Iowa.....	960	640	33,079	19.34	87.4
Kansas.....	15,347	9,880	141,121	70.01	67.6
Kentucky.....	428	284	15,500	18.32	63.2
Maryland.....	804	483	13,900	34.74	67.6
Michigan.....	1,452	909	68,618	13.25	64.3
Minnesota.....	2,707	1,664	100,050	16.63	79.0
Missouri.....	2,201	1,553	105,835	14.67	64.2
Montana.....	4,662	2,924	43,449	67.30	87.5
Nebraska.....	4,705	3,042	96,062	31.67	69.8
Nevada.....	41	25	961	26.06	75.8
New Jersey.....	32	26	948	27.48	24.3
New Mexico.....	335	214	3,965	53.94	73.8
New York.....	355	208	10,367	20.09	45.0
North Carolina.....	43	75	4,700	16.12	18.4
North Dakota.....	11,777	7,361	144,175	51.05	93.7
Ohio.....	2,830	1,930	114,858	16.80	57.0
Oklahoma.....	4,962	2,903	66,301	43.79	64.0
Oregon.....	2,337	1,478	14,659	100.82	89.8
Pennsylvania.....	1,382	754	36,849	20.46	47.9
South Carolina.....	( <sup>3</sup> )	5	188	26.40	4.4
South Dakota.....	4,349	2,672	119,036	22.45	94.8
Tennessee.....	265	179	13,400	13.32	46.7
Texas.....	5,496	3,403	60,160	56.56	88.4
Utah.....	558	353	12,670	27.85	80.5
Virginia.....	483	310	11,400	27.16	41.6
Washington.....	3,511	2,309	10,724	215.32	63.7
West Virginia.....	75	44	1,300	33.96	24.5
Wisconsin.....	198	108	22,993	4.71	65.8
Wyoming.....	406	245	5,995	40.89	34.6
United States.....	83,941	53,614	1,540,785	34.80	72.8

<sup>1</sup> Includes amount deducted for county association expenses.

<sup>2</sup> Based on percent of maximum wheat parity funds actually earned.

<sup>3</sup> Less than \$1,000.

### 3. WHEAT LOANS

Wheat loans in 1939, as in 1938 at the beginning of the new farm program, proved an effective price protection and gave wheat producers a chance to exercise greater independence in their marketing operations than otherwise would have been possible. The loan policy, which enabled them to get a floor under the price of wheat and avoid a market jam, was aimed at the middle ground between two alterna-



tives: Allowing prices to descend to the world level, which would have lowered wheat income disastrously; or maintaining prices so high that excessive supplies, above market outlets and reserve needs for emergencies and national defense, would have accumulated.

Under the act, the Commodity Credit Corporation is directed to extend wheat loans to producers cooperating in the agricultural conservation program if the farm price of wheat on June 15 or at any time thereafter during the marketing year is below 52 percent of parity, or if the July crop estimate indicates a wheat crop larger than a normal year's domestic consumption and exports. The loans are made on the security of stored wheat.

It is provided that the loan rate must be not less than 52 percent and not more than 75 percent of the parity price of wheat at the beginning of the marketing year. Country loan values are calculated from basic terminal rates with differentials for freight and handling.

#### WHEAT INCOME PROTECTED

Under the 1938 wheat loan, about 73,000 loans were certified, secured by approximately 85,745,000 bushels of wheat, at an average of 53 cents per bushel to producers. The amount loaned by the Corporation, including terminal loan values, totaled about \$46,430,000. Warehouse charges, interest paid to lending agencies, and other expenses brought the total disbursements to about \$48,770,000. The Corporation received about \$43,150,000 in the form of repayments by producers, interest, and the sale of wheat collateral. The difference of \$5,620,000 represents the cost of the 1938 wheat loan. While this amounted to about 6.6 cents per bushel on the wheat in the 1938 loan, it has been estimated that the loan program and the wheat export program, at a combined cost of \$31,600,000, added a total of 17 cents per bushel, or \$57,000,000 to the income of wheat growers from their 1938 crop.

#### THE 1939 WHEAT LOAN

In 1939, more than 237,000 loans, secured by nearly 168,000,000 bushels, were extended to wheat producers cooperating in the program. This was more than triple the number of loans and about double the volume of wheat in the 1938 loan.

The Commodity Credit Corporation reported that, as of June 30, 1940, producers in all States had paid off loans and redeemed 22,649,018 bushels of farm-stored wheat and 133,047,959 bushels of elevator-stored wheat, a total of 155,696,977 bushels. The Corporation had taken deliveries of 37,650 bushels of farm-stored and 1,611,436 bushels of elevator-stored wheat—a total of 1,649,086 bushels. This left outstanding loans on 10,299,869 bushels. Virtually all of these outstanding loans were on farm-stored collateral and were extended to April 30, 1941.

The loan values to producers averaged 63.3 cents which was 56 percent of the parity price during the 1939-40 marketing year.

In July and August 1939, during harvesttime, farm prices of wheat in the United States averaged about 55 cents per bushel. This was at least 30 cents above the world level. In March and April,

when most of the loans were repaid, the United States price had advanced 30 cents and more per bushel, averaging 85 cents in March and 89 cents in April. Thus the producers who obtained loans on their 1939 crop and repaid the loans in March and April were able to sell their wheat for 60 cents more per bushel than they could have received on the world market at harvesttime. Deducting 10 cents for storage and interest, it is conservatively estimated that the loan added 50 cents a bushel on at least 160,000,000 bushels, or a total of \$80,000,000, to the income of those who participated in the 1939 loan.

The Corporation by August 1, 1940, had collected \$622,000 interest on the 1939 wheat loan, and all loans except those extended had been paid in full. It was expected that by the time the entire loan was liquidated the loss on the small amount delivered to the Corporation would be less than the interest collected. In that case, the 1939 wheat loan would have been conducted without loss to the Federal Government.

Besides the help to borrowers, the loan, through its support of the price of wheat, helped those producers who were able to hold their wheat without a loan. Many of these producers probably would have found it difficult to obtain necessary local credit if the Government loan program had not been in operation.

Table 3 shows the wheat loan operations for 1938 and 1939, as of June 30, 1940.

TABLE 3.—Statement of 1938 and 1939 wheat loans, as of June 30, 1940<sup>1</sup>

	Farm storage	Warehouse storage	Total
<b>1938 WHEAT LOAN</b>			
Amount of loans:			
Dollars.....	12, 177, 428. 32	34, 253, 775. 10	46, 431, 203. 42
Bushels.....	21, 979, 959	58, 208, 755	80, 188, 714
Repayments:			
Bushels.....	21, 141, 353	43, 321, 781	64, 463, 134
Delivered to C. C. C.: Bushels.....	836, 488	14, 886, 974	15, 723, 462
Still outstanding: Bushels.....	2, 118		2, 118
<b>1939 WHEAT LOAN</b>			
Amount of loans:			
Dollars.....	22, 262, 044. 65	95, 072, 053. 92	117, 334, 098. 57
Bushels.....	32, 986, 070	134, 659, 862	167, 645, 932
Repayments:			
Dollars.....	15, 636, 839. 40	93, 851, 091. 62	109, 487, 931. 02
Bushels.....	22, 649, 018	133, 047, 959	155, 696, 977
Delivered to C. C. C.:			
Dollars.....	28, 537. 96	1, 220, 663. 19	1, 249, 201. 15
Bushels.....	37, 650	1, 611, 436	1, 649, 086
Still outstanding:			
Dollars.....	6, 596, 667. 29	299. 11	6, 596, 966. 40
Bushels.....	10, 299, 402	467	10, 299, 869

<sup>1</sup> As shown by records of the Commodity Credit Corporation.

<sup>2</sup> Does not include 5,557,000 bushels on which loans were liquidated by banks and other lending agencies.

#### FARM STORAGE PLAN SUCCESSFUL

Farm storage of wheat received a severe test under the 1939 loan program. Because of high moisture conditions throughout most of the growing season, the heaviest weevil infestation on record threatened to damage a large part of the crop if adequate protection were not given. The fact that farm storage came through the season without loss to the Government establishes this type of wheat storage as a successful part of the Ever-Normal Granary plan.



In the 21 western and midwestern States, where virtually all of the 1939 wheat loans were made, 33,643 loans were on farm-stored collateral. This collateral wheat was in approximately 65,000 bins. An inspection report following the loan expiration date, April 30, 1940, indicated that only 1,251 bins, or less than 2 percent, were weevily. Most of these bins were treated and brought back into good condition, and in the few remaining cases the loans were redeemed voluntarily by the borrowers, following the inspection reports.

The good farm-storage record is due mainly to the stringency of the loan provisions covering storage. These provisions, including inspection of bins and tests to determine that the wheat is acceptable before the loans are approved and periodical inspection of bins thereafter, serve as a protection to both the borrower and the Government. During the 1939 season, many producers received reports of weevil from the inspectors soon enough to enable them to sell their wheat without loss before there was any deterioration.

#### 4. THE EXPORT PROGRAM

The wheat export program was launched in August 1938, under authority of Federal legislation designed to help the farmers of this country maintain their fair share of the world markets. As an emergency measure supplementing the A. A. A. acreage adjustment plan, it was adopted after an unsuccessful attempt by the United States to bring about an agreement on the division of the world wheat trade by the surplus-producing countries.

Under the export program for 1938-39, for both wheat and flour, the Federal Surplus Commodities Corporation, an agency of the Department of Agriculture, purchased wheat at market prices and sold it to United States exporters at prices which enabled them to sell in the world markets. Flour exports were assisted by specified export payments made directly to the exporters.

Export sales of wheat and flour in 1938-39 totaled approximately 118,054,000 bushels of wheat. Of this amount, about 93,754,000 bushels were assisted through the export program at a cost of about \$25,700,000—an average cost of about 27 cents a bushel.

A revised program was worked out for 1939-40. It included three methods of assisting in the export of wheat: First, the flour export plan was continued; second, authority of the Federal Surplus Commodities Corporation to buy wheat and resell it to exporters was continued, thus enabling the agency to handle loan wheat held by the Commodity Credit Corporation; third, other exports were assisted through direct payments to United States exporters, determined from competitive bids by the exporters. This resulted in moving the wheat into export more completely through the normal channels of trade.

#### EXPORT PLAN RESTRICTED

As a result of the adjustments in wheat production and the exports that had already been made through the export program, and because of changing world conditions, the export program was put on a restricted basis on December 29, 1939. Assistance was limited to exports of flour from the Pacific coast ports to the Philippine

Islands. On January 19, 1940, the program was extended to include exports of flour from the same ports to China and Hong Kong, as well as to the Philippines, and exports of wheat to the same destinations. Further extensions to permit contracts for exports of wheat from the Pacific coast to European destinations were made effective March 12, 1940. These extensions were designed to help find outlets for the Northwest wheat surplus.

From July 1, 1939, through June 30, 1940, contracts for exportation of 35,079,000 bushels of wheat and wheat in the form of flour were made under the export program. Of this total, contracts for the export of about 10,643,000 bushels were made after December 29, 1939. Export payments from January to the end of the period averaged 26 cents a bushel.

All exports of domestic wheat and flour (in terms of wheat) during the 1939-40 marketing year totaled about 45,000,000 bushels.

### 5. ENCOURAGING GREATER USE OF SURPLUSES

An important objective of the A. A. A. farm program has been the greater use of surplus agricultural commodities. The effort to accomplish this has taken the form of research to discover and develop new uses and programs to help needy persons buy surplus farm products, including wheat.

Two of the four regional laboratories for research which were authorized by the Agricultural Adjustment Act of 1938 have been assigned to work on the development of new uses and expansion of industrial uses for wheat. Construction of these laboratories, located at Peoria, Ill., and Albany, Calif., was under way during the latter part of 1939 and 1940.

Purchases of surplus wheat and other farm products for distribution to needy persons on relief have been carried on by the Federal Surplus Commodities Corporation, and the agency that preceded it, since October 1933. From that time until July 1, 1938, the Corporation purchased and distributed wheat products totaling \$22,490,000. Purchases during 1938-39 included 840,000 barrels of wheat cereal, 315,000 barrels of graham flour, and 908,000 barrels of white flour, at a total cost of \$5,900,000.

During the 1939-40 fiscal year, the purchases of surplus wheat products amounted to \$19,350,000, and included 670,000 barrels of wheat cereal, 1,725,000 barrels of graham flour, and 2,800,000 barrels of white flour.

The Food Order Stamp Plan, another phase of the program for distributing surpluses to low-income groups, was developed in 1939. This plan gives certain low-income groups in designated areas a 50-percent increase in their food purchases by giving them 1 dollar's worth of surplus-food stamps free for each 2 dollars' worth of food-order stamps they buy. Wheat flour and wholewheat or graham flour have been included in the official list of surplus foods for which the surplus-food stamps could be exchanged.

### 6. CROP INSURANCE

Provision for crop insurance on wheat was included in the Agricultural Adjustment Act of 1938, and the insurance was first made

available to wheat producers on their 1939 crop. The program is administered by the Federal Crop Insurance Corporation, an agency of the Department of Agriculture, as a part of the A. A. A. farm program. County committees of the A. A. A. are in charge of writing the insurance, the measurement of acreage, and the adjustment of losses.

Crop insurance for wheat guarantees participating farmers some wheat to sell every year, regardless of unavoidable crop losses. Under this plan the burden of crop losses is carried, not by the individual grower over a short period, but by wheat farmers all over the country over a long period.

Policies totaling nearly 166,000 were issued on the 1939 wheat crop. These provided protection on 7,200,000 acres against loss from all such unavoidable hazards as drought, hail, wind, frost, winterkill, fire, disease, and insect and animal pests. Holders of about one-third of the policies collected indemnities totaling more than 10,000,000 bushels.

Nearly 380,000 contracts for insurance on the 1940 crop were approved, more than twice as many as in 1939. These contracts insured production on approximately 12,000,000 acres for a guaranteed estimated production of 106,250,000 bushels. The premiums paid by the growers on these contracts totaled about 14,750,000 bushels.

Wheat farmers who insure their crops under the program guarantee themselves either 50 or 75 percent of their average yield, determined from the actual average yield or an appraisal of the yield for the farm over a representative period. Premiums likewise are based on the actual or appraised loss experience of the farm for the base period. This "loss cost" is blended with the loss experience of the county in which the farm is located to smooth out the effect of any accidental losses which may have occurred on the farm during the base period, or, conversely, to reflect any general losses which this particular farm may have been spared in the base period.

#### WHEAT RESERVE ESTABLISHED

Premiums paid in by producers are invested in an insurance reserve held by the Corporation in the form of actual wheat in storage. Indemnities are paid from the wheat reserve. The Corporation may build up the reserve only as growers pay premiums and may reduce the reserve only as wheat is required to pay the losses of insured crops. In addition to the wheat reserve, \$20,000,000 has been obtained by the Corporation through the sale of its authorized capital stock. This capital supplements the wheat reserve.

An unusual and important feature of the crop insurance plan is that all operations are carried out in terms of actual bushels of wheat. Insurable yields and indemnity and premium payments are all calculated in terms of wheat. Growers may pay premiums in wheat with a warehouse receipt representing wheat in storage, in the cash equivalent of wheat at the market price at the time payment is due, or by assignment of A. A. A. conservation payments.

#### 7. WHEAT FARMERS FACE THE FUTURE

Following expiration of the 1939 wheat loan and the intensification of the European war in May 1940, the price of wheat fell, but 1940



United States prices continued to be well above the world level. As the war continued into the summer of 1940, an expansion of nonfarm foreign trade and increased industrial activity and employment in connection with the national defense drive helped to improve the domestic farm market. This improvement, however, showed indications of affecting farm income from products other than wheat, the price for which was already above the world price level.

Therefore, as the United States wheat farmer faced the future, the prospects of a limited world market continued to confront him. There was little to encourage confidence that the days of the free and expanding wheat markets would return soon, if ever. Before this could take place, further adjustments by the wheat farmer would be necessary. He had the best farm program in history to help make such adjustments, but the fact remained that, with the facilities for producing wheat that he had developed and the economy built around wheat, he would continue to produce for the export market. And as long as he did that in a torn-up world he would continue to need an aggressive export policy and all the other measures he could command to protect his income and safeguard the Nation's productive soil.

## 8. SUMMARY OF PROGRESS

After 2 years of the program, the wheat farmer could point to undisputed progress toward three major objectives. First of all, at a time when trade barriers, economic wars, and military campaigns had choked off world wheat trade to less than half its former size, the United States wheat farmer had freed himself from complete dependence on a depressed world market. He had been able to hold domestic wheat prices above the world level. At the same time he had armed himself to fight for his share of the world market that remained.

Second, he had learned the lessons of price-depressing surplus on the one hand and of drought-imposed scarcity on the other. He had built a well-stocked Ever-Normal Granary, but although supplies were permitted to continue well above all immediate needs, he had the machinery to handle those supplies in an orderly manner.

Third, by using the combined measures of his program, the wheat farmer was able to protect and improve his income, and by conserving soil fertility that otherwise might have been wasted in useless overproduction, he was insuring his income in the future.

## II. THE PROGRAM FOR CORN

The importance of corn as a basic commodity in the United States lies in its value as livestock feed. Considering production cost, feeding value, and storage efficiency, there is no satisfactory substitute for corn.

That is why the supply of available corn has always been the principal factor in determining the supply of meat animals and livestock products in the United States.

Only in certain areas is corn grown primarily as a cash crop. Over most of the Nation's Corn Belt, small farmers feed the corn they produce to the livestock on their own farms. Many farmers feed



all the corn they produce and buy still more for feeding. These farmers make the market for the cash corn grower.

The A. A. A. program for corn, therefore, is primarily, if indirectly, designed to bring about an adjustment of livestock numbers to the level of effective market demand, with definite provision for abundant reserves at all times. That adjustment, based on the constructive principles of agricultural conservation, is the program's chief means of improving the income of Corn Belt farmers.

## 1. THE GENERAL SITUATION AFFECTING CORN PRODUCERS

The progress being made under the corn program may best be evaluated after various factors affecting the welfare of Corn Belt farmers have been considered. The supply situation, the effects of 3 successive years of high corn yields on hog production, and the economic disturbances caused by war are among the foremost of these factors.

### THE CORN PROBLEM IN 1939

The national average corn yield in 1939 was 29.5 bushels per harvested acre, the highest since 1920 and 6 bushels above the average for the 1930-39 period. In the commercial corn area, the yield was 41.7 bushels per harvested acre.

These high yields resulted in a total crop of 2,619 million bushels, about 300 million bushels above the 1928-37 average, although only about 91 million acres of corn were planted. This acreage was the smallest in modern times and well within the A. A. A. corn acreage goal of 94 million to 97 million acres for the year.

There were several reasons for the unusually high average yield in 1939. One was the large acreage planted with hybrid seed corn. Hybrid seed developed commercially much more rapidly than was thought possible even by those most closely in touch with the situation. Almost 40 percent of the Corn Belt acreage was planted with hybrid seed in 1939 and more than 50 percent in 1940.

Technical developments also played a part in the bumper yields. The all-purpose tractor and other improved equipment coming into wider use made it possible for the operator to prepare better seed beds, to carry out tillage operations at more opportune times, and to produce more corn on a given acreage at a smaller cost per acre.

It should be remembered, however, that this increased efficiency, which has added to farm surplus problems, also is of great benefit. Increased efficiency reduces production costs, leaves larger acreages for soil-conserving crops and uses, increases immeasurably the farmer's opportunity for profits, and lessens the cost of farm products to consumers. However, until full allowance is made for increased yields and production, surplus problems are likely to recur.

Another cause of the high yield in 1939 was the fact that the growing season was one of the most favorable on record. Spring acreage abandonment was below normal. Whereas the crop often declines after midsummer in withering heat and wind, the 1939 crop improved with each succeeding crop estimate. Frost was sufficiently delayed to permit full maturity. Not only was the crop large, it was also high in quality. Corn Belt farmers probably produced more No. 1 corn in 1939 than ever before in history.

This was the third successive year of above-normal yields. The national average was 28.3 bushels per acre in 1937 and 27.8 bushels in 1938. On hand at the beginning of the 1938-39 corn marketing year were 363 million bushels of corn, almost twice the normal carry-over. By the fall of 1939, the carry-over had grown to 583 million bushels. That amount, added to the 1939 crop, gave a total supply for the 1939-40 marketing year of 3,202 million bushels, one of the largest on record.

#### EFFECTS ON HOG PRODUCTION

Along with the increasing corn supply, hog production was far in excess of demand in 1939. The United States pig crop for the year was 84 million head—the largest on record—and live hog production was about 17 billion pounds, compared with an average of about 14½ billion pounds for the preceding 10 years.

As in the production of corn, increased farming efficiency played a part in bringing about the excessive supply of hogs. In recent years the average number of pigs saved per litter has increased more than 20 percent, due to the wider adoption of the latest approved practices in animal care.

A more important factor in the big supply of hogs was the unusual situation that had developed during the 1936-38 period. In the drought year of 1936, hogs became extremely scarce and prices rose accordingly. In the last part of 1937, without an adequate adjustment program, farmers began to expand their production of hogs. Corn was abundant and cheap, and the expansion continued in 1938. In that year legislation setting up the present A. A. A. program was enacted just before planting time but too late to be fully effective. Thus, the stage was set for the record hog production of 1939.

#### THE CORN BELT AND THE WAR

The outbreak of the war in the fall of 1939, following many months of foreboding and economic uncertainty throughout the world, found the Corn Belt and United States farmers generally prepared to meet any emergency that might arise. Their preparedness, in a large sense, had its basis in a Nation-wide, flexible organization, administered with the aid of trained farmer committeemen, and in a program designed to conserve the soil and make agriculture stronger. The Ever-Normal Granary corn reserve, in particular, helped guarantee an abundant food supply to the Nation.

Studying the probable effects of the war on their crop production plans, markets, and incomes, farmers found, however, little prospect that their markets would improve; they saw continued need for an adjustment program to protect themselves from the impact of world-shaking trade changes.

Exports of corn as grain ordinarily average about 1 percent of a normal corn crop. But pork and lard are major export commodities. At one time around 8 percent of the United States corn crop was used to produce pork and lard for export. The drive for self-sufficiency in Europe lessened this market, and war reduced it still further.

A critical period lay ahead of the corn-hog farmers of the Nation, and continuation of the adjustment effort through use of all applicable features of the A. A. A. farm program was necessary if new upsets and complications were to be avoided. Corn producers still had a surplus problem in 1939—corn that would have to be transformed from an uncontrolled surplus into an orderly reserve, and a hog supply that was certain to depress prices when it moved to market.

Midway in the 1939-40 marketing year it appeared that corn farmers, through the mechanisms of their program, were on their way to finding the solution.

## 2. OPERATION OF THE CORN PROGRAM IN 1939

The A. A. A. program for corn, under which special farm acreage allotments for corn are established, is applicable to an area designated as the "commercial corn area." In 1939 this area embraced 586 counties in 12 States, and included all counties which, during the preceding 10 years, had produced an average of 450 bushels of corn per farm and 4 bushels of corn per acre of farm land. It also included bordering counties in which any townships met the same specifications.

Within this area, which extends in an almost solid block from Ohio to Nebraska and from Michigan to Missouri, about two-thirds of the Nation's corn crop has for many years been produced. Here corn is the source of a large part of farmers' cash income. Outside the area, corn is used principally for feeding workstock and livestock for products mainly for home consumption, or for sale in local markets. Individual farm acreage allotments for corn are not established outside the commercial corn area, but corn is included in the total soil-depleting allotments.

### CORN ACREAGE GOALS

In 1939 a national corn acreage goal of 94 million to 97 million acres was established. In line with this goal, 41,239,659 acres were allotted to the commercial corn area for distribution among States, counties, and individual farms. This corn acreage allotment, plus the usual planted acreage outside the commercial area, made up the national goal.

Table 4 shows the division of the 1939 corn acreage allotment among the States, with the number of commercial corn counties in each State.

TABLE 4.—*Corn acreage allotments for 1939 by States, and number of commercial corn counties in each State*

	Commer- cial corn counties	Allotment (acres)		Commer- cial corn counties	Allotment (acres)
Illinois.....	99	7,308,282	Nebraska.....	64	6,876,354
Indiana.....	82	3,583,191	Ohio.....	61	2,646,953
Iowa.....	99	9,274,903	South Dakota.....	17	1,525,516
Kansas.....	25	1,983,137	Wisconsin.....	12	741,648
Kentucky.....	8	270,915			
Michigan.....	11	411,092			
Minnesota.....	45	3,316,151			
Missouri.....	63	3,301,517			
			T o t a l commercial corn area allotment.	586	41,239,659



With normal yields, it was estimated that the acreage allotted in the commercial corn area would produce 1,311,941,000 bushels of corn. It was estimated that this amount, together with normal production outside the area, would result in a national corn production of 2,265-107,000 bushels for the year. The anticipated crop, plus a carry-over of 395,893,000 bushels from the preceding season, was expected to result in a supply of 2,661,000,000 bushels, sufficient to provide for all domestic and export needs and to leave an adequate reserve of corn in the Ever-Normal Granary.

#### CORN PRODUCTION IN 1939

Even though corn plantings were well within the national goal, the unusually high yields of 1939 resulted in a crop far above expectations. In the commercial corn area, with an average yield of 41.7 bushels per acre on 41,541,662 planted acres, the crop totaled approximately 1,740,000,000 bushels.

Outside the commercial corn area, where corn is produced chiefly for home food and feed needs and where the use of hybrid seed corn has not been widely adopted, acreage and production were about normal. Noncommercial area yields were about equal to the 10-year average of 18.7 bushels per acre, and the noncommercial crop totaled approximately 879,000,000 bushels.

Thus, the total national crop for 1939 was 2,619,000,000 bushels, which was about 300,000,000 bushels above the 10-year average, even though the acreage planted to corn was the smallest since 1900. The crop, too, was about 354,000,000 bushels above the production that would have resulted from normal yields and that had been estimated as necessary to provide for domestic, export, and reserve needs.

#### QUOTAS NOT NECESSARY

In view of the supply situation, the question of whether or not it would be necessary to hold a referendum on corn marketing quotas in 1939 was important. The act is designed to insure a supply of corn 7 percent above the normal year's domestic consumption and exports. In any year when the total corn supply exceeds this normal supply by 10 percent or more, the act provides for marketing quotas for corn. However, quotas may become effective only if approved by two-thirds of the corn farmers voting in a referendum conducted by the Secretary of Agriculture.

The supply level at which marketing quotas would become applicable—that is, a supply 10 percent above the normal supply—was determined to be 3,030,000,000 bushels. This meant that if the supply estimated for October 1, 1939, exceeded 3,030,000,000 bushels, a referendum would be called to determine whether or not producers in the commercial corn area were to use marketing quotas.

The act requires the Secretary to proclaim a determination of facts with reference to the corn supply not later than September 15. In accordance with this provision, a determination of the corn supply was announced by the Secretary on September 13, 1939, estimating the total 1939-40 supply at 2,993,000,000 bushels. This figure included the 1939 crop, estimated by the Crop Reporting Board on September 10 as 2,523,000,000 bushels, and an estimated carry-over



of 470,000,000 bushels, based on the latest available information on disappearance of corn. With the estimated total supply well under the marketing quota level of 3,030,000,000 bushels, a referendum on marketing quotas was not necessary.

In the determination of the marketing-quota level, which was the key to the quota referendum question, due consideration was given to the clause of the act safeguarding the consumer, which provides for the maintenance of consumer supplies about equal to those of the 1920-29 period. The emergency situation in connection with the outbreak of war in Europe was also appraised carefully. Consequently, in working out the domestic corn consumption element of the determination, an upward adjustment was made for the increased population in 1939 over the average population of the 1920-29 period; and downward adjustments that might have been made for reduced exports were not included in view of the confused international situation and uncertainty as to the future.

The corn crop had abnormal growth in September and stood at 2,619,000,000 bushels in the December estimate of the Crop Reporting Board. The carry-over also proved larger than had been estimated and was placed at 583,000,000 bushels by the Bureau of Agricultural Economics in October. This resulted in a total corn supply for the 1939-40 marketing year of 3,202,000,000 bushels, one of the largest on record.

#### CORN PAYMENTS IN 1939

For their participation in the 1939 corn program, farmers in the commercial corn area earned conservation payments of 9 cents per bushel and parity payments of 6 cents per bushel, both computed on the normal yield of the acreage allotment. These payments, although a relatively small portion of the cash income of corn farmers, made up a substantial part of the difference between the actual farm price of corn and the parity price. In table 5 is a record of 1939 corn payments by States, not including increases for small payments, provided in the act.

TABLE 5.—*Corn conservation, parity, and total payments for 1939, by States*

State	Corn conservation payments	Corn parity payments	Corn total payments
Illinois.....	\$15,869,883	\$11,424,816	\$27,294,699
Indiana.....	6,707,751	4,886,477	11,594,228
Iowa.....	26,763,469	18,230,187	44,993,656
Kansas.....	1,649,797	1,514,607	3,164,404
Kentucky.....	427,664	319,845	747,509
Michigan.....	652,504	460,611	1,113,115
Minnesota.....	7,510,726	5,094,410	12,605,136
Missouri.....	4,640,972	3,737,779	8,378,751
Nebraska.....	10,076,318	7,850,762	17,927,080
Ohio.....	4,751,946	3,550,960	8,302,906
South Dakota.....	2,548,467	1,718,365	4,266,832
Wisconsin.....	1,928,974	1,302,583	3,231,557
Total.....	83,528,471	60,091,402	143,619,873

### 3. PART PLAYED BY CORN LOANS

In view of the large supply, corn loans assumed greater importance in the winter of 1939-40 than ever before in the history of the

A. A. A. programs. The resealing of corn stored under previous loans, the erection of new storage bins for many millions of bushels of the Ever-Normal Granary reserve, and a system of inspection to safeguard the condition of stored corn were features of the loan program. The amount of corn placed under seal set a new record.

#### THE RESEALING PLAN

Early in the fall of 1939 the A. A. A. announced a plan for resealing the 257 million bushels of 1937 and 1938 corn that had been sealed in storage under previous loans. This enabled farmers to store corn of these earlier crops for an additional year, and to earn storage payments of 7 cents per bushel in case they delivered their corn to the Commodity Credit Corporation in settlement of loans at the close of the extension period. A farmer who wished to use the payment to build additional storage space for resealing his corn could obtain it in advance.

Under the resealing plan, about 166 million bushels of 1937 and 1938 corn were resealed—150 million bushels on farms and the rest in elevators or country warehouses. About 91 million bushels were delivered to the Commodity Credit Corporation in settlement of loans.

#### NEW STORAGE BINS PROVIDED

As suitably located elevator space was available for only about one-third of the corn to be received in settlement of loans, the Corporation adopted a new method for keeping the corn in the country, near the farms where it normally would be used either as livestock feed or for sale in commercial channels.

This method was the purchase and erection by the Corporation of more than 33,000 steel grain bins, having a total storage capacity of about 75 million bushels, which were placed under the supervision of county A. A. A. committees. The bins were distributed throughout the Corn Belt, for the most part near existing warehouses and transportation facilities.

By storing the corn in these steel bins the Corporation avoided the accumulation of storage charges that would have resulted had corn been shipped to terminal points away from feeding areas, and was able, later in the season, to make corn available for livestock feeding at considerably less cost than otherwise would have been the case.

About 61 million bushels were stored in the steel bins. The rest of the corn delivered to the Corporation was placed in terminal and subterminal elevators and country warehouses. Steel bins not immediately needed were held in reserve for use in future loan programs.

#### HOW THE 1939-40 CORN LOAN OPERATED

The act under which the A. A. A. operates requires the Commodity Credit Corporation to make loans on corn when the November crop estimate for corn exceeds a normal year's domestic consumption and exports, or when on November 15 or at any time thereafter during the marketing year the farm price of corn is below 75 percent of parity. Both of these conditions prevailed on November 15, 1939; therefore corn loans were made available.

The act also provides that the loan rate shall be 70 percent of parity if the crop estimate for the year does not exceed the normal domestic consumption and export requirements by more than 10 percent. As the November 1939 crop estimate placed the total crop at slightly less than 10 percent above the normal domestic consumption and exports, the loan rate accordingly was fixed at 70 percent of the parity price of corn, or 57 cents per bushel, the same as in 1938. With the market price relatively low at harvesttime and with more farmers than ever before eligible for corn loans because they had planted within their corn allotments, the 1939 loan program was widely used.

The loan became available in December 1939, and by the close of the loan application period on March 31, 1940, a total of 301,909,000 bushels of corn had been placed under loan. This far exceeded the previous high of 271,000,000 bushels under the 1933-34 loan program. Most of the loans were made in the commercial corn area, only a few being made in the noncommercial area where the rate was 43 cents per bushel, or 75 percent of the commercial area rate, as provided in the act.

#### INSPECTION OF STORED CORN

If the corn in storage under the corn program was to have maximum value—both as an emergency reserve and as a means of improving corn prices—it was essential that safe storage be provided. Safeguarding the stored corn was among the outstanding achievements of the Nation's corn farmers in 1939-40.

In every commercial corn county, one or more corn inspectors work under the direction of the county A. A. A. committee to aid farmers in maintaining good farm storage of corn. Both cribs and corn are inspected before loans are made. Reinspections are made as frequently as necessary to make sure that deterioration is held to a minimum.

TABLE 6.—*Condition of loan corn stored on farms and in steel bins, as of May 31, 1940*

State	Farm loans reinspected	Corn grad- ing No. 3 or higher	Steel bins reinspected	Corn grad- ing No. 3 or higher
		<i>Percent</i>		<i>Percent</i>
Illinois.....	65,309	98.3	10,113	95.2
Indiana.....	7,688	99.8	2,209	99.0
Iowa.....	198,241	99.9	17,003	98.6
Kansas.....	4,795	99.9	219	98.2
Michigan.....	416	100.0		
Minnesota.....	53,904	99.7	1,949	99.5
Missouri.....	9,921	99.0	834	96.0
Nebraska.....	34,787	99.3	520	97.9
North Dakota.....	81	100.0		
Ohio.....	2,982	99.8	287	99.3
South Dakota.....	14,779	99.9	154	100.0
Wisconsin.....	239	100.0	12	100.0
Total.....	393,172	99.6	33,300	97.6

As a result of these safeguards, the Ever-Normal Granary of corn came through the difficult spring storage period of 1940 in excellent condition. An inspection report showed that 99.6 percent of all farm-



stored loan corn graded No. 3 or higher on May 31, 1940. All corn loans were originally made on corn grading No. 3 or higher. During the entire storage period only about one-tenth of 1 percent of all corn loans were called.

Of the more than 33,000 steel bins containing stored corn, 97.6 percent were reported grading No. 3 or higher on May 31. Removal of corn from steel bins because of poor condition was necessary for only four-tenths of 1 percent of all corn so stored.

Table 6 is a report by States, showing the condition of loan corn stored on farms and in steel bins at the close of the 1940 spring season.

#### EFFECTS OF THE CORN LOAN

The resealing program and the 1939 loan program together resulted in withholding from the market, either under loan or in the hands of the Commodity Credit Corporation, about 558 million bushels of corn. The supply of "free corn" available for market sale was, of course, reduced by a corresponding amount. This situation was undoubtedly a principal factor in the much stronger corn prices of 1939-40 as compared with 1938-39. Table 7 shows a comparison of corn supplies and prices for the two periods.

TABLE 7.—*Corn supplies and prices for the marketing years 1938-39 and 1939-40*

	Marketing year 1938-39	Marketing year 1939-40
Corn supply.....bushels..	2,925,000,000	3,202,000,000
Amount under loan or owned by C. C. C.....do.....	257,000,000	558,000,000
Free corn.....do.....	2,668,000,000	2,644,000,000
Season average price per bushel.....cents..	50.4	56.7

#### 4. CORN ADJUSTMENT IN 1940

Within a few months after the outbreak of war in Europe in the fall of 1939, it became apparent that the export demand for livestock products was to experience a sharp decline and that, since abundant reserve supplies were available, a somewhat lower corn acreage than in recent years was advisable.

For 1940, the commercial corn area was extended to cover 599 counties, 13 counties in 6 States being added to the area when they met the specifications provided in the act. It was determined that production of about 1,264,000,000 bushels of corn in the commercial area would be advisable. The national allotment accordingly was set at 36,638,000 acres, which, it was estimated, with normal yields would produce the desired amount.

Farmers outside the commercial corn area were expected to produce about 936,000,000 bushels of corn, bringing the national production to the 1940 production goal of 2,200,000,000 bushels. To attain this production, the national corn acreage goal was established at 88,000,000 to 90,000,000 acres.

The 1940 planted corn acreage, slightly more than 88,000,000 acres, was well within the A. A. A. acreage goal.

Table 8 shows how the 1940 national corn acreage allotment applicable to the commercial area was divided by States, with actual corn



plantings by States as indicated by the July crop estimate of the Crop Reporting Board.

TABLE 8.—*Corn acreage allotments for 1940, number of counties within commercial area, and actual corn plantings, by States*

State	Commercial corn counties	1940 corn allotment	1940 planted corn acreage
		<i>Acres</i>	<i>Acres</i>
Illinois.....	99	6,513,876	7,391,000
Indiana.....	83	3,225,400	3,803,000
Iowa.....	99	8,193,223	8,816,000
Kansas.....	25	1,573,277	1,569,000
Kentucky.....	12	323,220	378,000
Michigan.....	12	392,095	505,000
Minnesota.....	49	3,177,524	3,551,000
Missouri.....	63	2,876,339	3,039,000
Nebraska.....	64	5,905,316	5,716,000
Ohio.....	63	2,396,291	2,849,000
South Dakota.....	18	1,393,862	1,397,000
Wisconsin.....	12	667,577	725,000
Total.....	599	36,638,000	39,719,000

#### PROSPECTS FOR HOG PRICES

The price of hogs declined sharply in December 1939 when the big spring pig crop of that year began to move to market. With corn prices continuing strong, the relationship between the price of corn and the price of hogs became unfavorable to increased production of hogs for the first time in more than 2 years.

This had the anticipated effect of bringing a change in farmers' hog production plans. In its spring pig crop report of 1940, the Crop Reporting Board announced that farmers had reduced their 1940 spring pig crop 8 percent from the record 1939 crop and planned a further reduction of 12 percent in the 1940 fall crop. Although hog prices continued lower throughout the spring and early summer of 1940 than they had been a year previous, it was apparent that lower production and marketing would bring price improvement in the 1940-41 marketing year.

#### 5. SUMMARY OF PROGRESS

Taking stock of the 1939 A. A. A. program for corn, farmers were able to report these accomplishments:

(1) An abundant corn supply was produced from one of the smallest acreages of corn ever planted in the United States.

(2) Large acreages of soil-building legumes and grasses were seeded and maintained throughout the Corn Belt.

(3) The largest reserve supply of corn in the Nation's history was stored and safeguarded under the Ever-Normal Granary plan as a protection for livestock feeders and consumers, as a vital part of our national defense.

(4) Through the corn loan, conservation payments, and parity payments, corn farmers received a return on their 1939 crop that was near the parity level.

(5) The consistently strong corn price through the fall of 1939 and the spring of 1940, together with substantial corn acreage adjustment in 1940, distinctly improved hog price prospects.

### III. THE PROGRAM FOR COTTON

Cotton is the basic crop of the agricultural South. While it is grown in 19 States, it is produced extensively over large areas in only 10 States—Texas, Louisiana, Mississippi, Alabama, Georgia, South Carolina, North Carolina, Tennessee, Arkansas, and Oklahoma. The other States which have some sections devoted to cotton production include: Florida, Virginia, Kentucky, Missouri, Illinois, Kansas, New Mexico, Arizona, and California. More than two million farm families are dependent, in whole or in part, on the production of cotton, comprising some 30 percent of the total farm population of the United States.

In the 10 principal producing States, cotton has affected the economic welfare of virtually every citizen, maintaining its dominant place in spite of low prices, the boll weevil, overproduction, foreign competition, synthetic fibers, and other limiting factors.

Even if every farmer should grow his own food and feed crops, he still would need cash to buy clothes, machinery, seed, fertilizer, and other things the farm itself cannot produce. For that reason, cotton is essential in the plan of the Southern farmer. It is a "money crop" for which there is always a ready market, even though the price may be low. At the smallest crossroads hamlet, the farmer can exchange his lint and seed for cash. To illustrate how important cotton has been to the economy of the South, the records show that in the 10 principal cotton States, for the 1924-35 period, the cash income from cotton amounted to 53 percent of the total cash income from crops and livestock combined. In some States, this percentage reached as high as 83 percent.

#### 1. COTTON SITUATION IN 1939

As a result of the record-breaking 19-million-bale crop of 1937, the beginning of the 1938-39 marketing year found this country with a carry-over of 11,533,000 bales of cotton. Added to this amount was the 1938 production of nearly 12 million bales.

With cotton exports the lowest in many years, prospects for the cotton farmer were not bright as the 1939 planting season rolled around. Exports totaled only 3,300,000 bales for the marketing season ending July 31, 1939, and the carry-over into the 1939-40 year was 13,033,000 bales. During the first few months of 1940, however, cotton prospects were somewhat brighter, mainly because of three factors.

First, farmers held their planted acreage to around 25 million acres in 1939, thus making certain that there would be no recurrence of the price-depressing surplus production of 1937.

Second, increased mill activity during the latter part of 1939 and adoption by the Government of special programs to increase the use of cotton stimulated domestic consumption to the extent that about 7,750,000 bales were used in 1939-40, making that season second only to 1936-37, when 7,950,000 bales were consumed.

Third, the export subsidy program inaugurated by the Government in July 1939 helped to increase exports of American cotton far above those for the previous year. Despite the outbreak of war a month after the season opened, 6,200,000 bales were exported during the 1939-40 season, as compared with only 3,300,000 for 1938-39.

## 2. OPERATION OF THE COTTON PROGRAM IN 1939

The program for cotton, like the whole A. A. A. program, is designed to accomplish three main objectives: (1) To increase farm income through conservation and parity payments, and to stabilize prices by reducing the burdensome surplus; (2) to encourage conservation of our national resources by better land use—allowing more land for soil-conserving and soil-building crops, and, particularly in the main Cotton Belt, for growing more food and feed crops for home use; and (3) to provide consumers with an adequate supply of cotton at fair prices, with abundant reserves as a protection against scarcity and in the interest of national defense.

There are a number of phases of the A. A. A. cotton program, all of which are necessary to weld together a strong, united effort to adjust the problems of cotton farmers. These include: (1) The conservation phase with acreage allotments and payments for participation; (2) marketing quotas, to provide for orderly marketing of cotton and to prevent noncooperators from obtaining an unfair share of the available market; (3) Government loans, to hold prices at a reasonable level and thereby protect cotton income; and (4) special programs, designed to stimulate the use of surplus cotton through additional outlets and the development of new uses.

### COTTON ACREAGE ALLOTMENTS

The cotton acreage allotted to farms in 1939 totaled 27,897,000 acres. The actual harvested acreage for the year was 23,805,000 acres, which, with an average yield of about 238 pounds per acre, gave a national production of 11,817,000 bales. Cotton allotments to farms in 1940 totaled 27,749,000 acres.

Under the act, cotton acreage allotments are made to the cotton-producing States, counties, and individual farms. State allotments are based on past production, and these allotments are apportioned to counties according to past acreage with certain minimum provisions. The county allotments then are divided among the individual growers primarily on the basis of tilled acreage not used for tobacco, wheat, rice, or sugarcane for sugar, with provision for minimum allotments.

### COTTON PAYMENTS

Acreage adjustment, while planned to benefit cotton producers in the long run, usually requires a certain amount of sacrifice as far as immediate cash returns are concerned. To help reimburse farmers for their part in adjusting cotton acreage and in rebuilding the Nation's soil defenses, the program provides conservation payments for those who plant within their cotton acreage allotments.

The 1939 conservation payments were at the rate of 1.8 cents per pound on the normal yield of the farm's cotton acreage allotment. The conservation payment rate for 1940 was fixed at 1.44 cents per pound.

In order to give cotton farmers a cash return from their crop more nearly in line with parity, the program also provided price adjustment, or parity, payments on the 1939 cotton crop to those farmers who did not knowingly overplant their cotton acreage allotments. This payment was at the rate of 1.6 cents per pound for the normal



yield of the farm's cotton acreage allotment. The parity payment rate on the 1940 crop was placed at 1.55 cents per pound.

Cotton conservation payments on the 1939 crop totaled \$118,817,000, and cotton parity payments for 1939 totaled \$96,195,000.

The 1939 cotton payments, by States, are shown in table 9.

TABLE 9.—*Cotton payments, 1939 program, by States*

State	Conservation payments	Price adjustment payments	Total payments
Alabama.....	\$11,929,000	\$8,930,000	\$20,859,000
Arizona.....	1,650,000	1,505,000	3,155,000
Arkansas.....	11,510,000	9,020,000	20,530,000
California.....	3,747,000	3,506,000	7,253,000
Florida.....	239,000	230,000	469,000
Georgia.....	10,040,000	8,275,000	18,315,000
Illinois.....	23,000	23,000	46,000
Kansas.....	1,000	2,000	3,000
Kentucky.....	146,000	102,000	248,000
Louisiana.....	6,865,000	5,175,000	12,040,000
Mississippi.....	16,195,000	12,436,000	28,631,000
Missouri.....	2,657,000	2,173,000	4,830,000
New Mexico.....	887,000	783,000	1,670,000
North Carolina.....	4,367,000	4,604,000	8,971,000
Oklahoma.....	6,088,000	5,052,000	11,140,000
South Carolina.....	6,908,000	5,664,000	12,572,000
Tennessee.....	4,584,000	3,564,000	8,148,000
Texas.....	30,730,000	24,898,000	55,628,000
Virginia.....	251,000	253,000	504,000
Total.....	118,817,000	96,195,000	215,012,000

#### MARKETING QUOTAS

Provision is made in the Agricultural Adjustment Act of 1938 for the use of cotton marketing quotas whenever supplies reach an excessive level of more than 7 percent above normal supply, subject to approval of a two-thirds majority of the cotton producers voting in a referendum. Each cotton farmer, whether owner, tenant, or share-cropper, gets one vote in the referendum, regardless of his cotton acreage or the size of his farm.

When quotas are in effect every cotton farm receives a quota, which is the normal or the actual production on the farm's allotted cotton acreage, whichever is larger, plus any carry-over penalty-free cotton. A penalty is provided on all cotton marketed in excess of the farm's marketing quota for any year in which quotas are in effect.

Since a farmer who plants within his acreage allotment may sell without penalty all the cotton he produces, the use of marketing quotas does not affect the cooperator. On the other hand, marketing quotas protect the farmer who is participating in the A. A. A. program against the noncooperator, who might otherwise be taking more than his share of the available market.

Marketing quotas for cotton were first used in the sale of the 1938 crop, after being approved in a referendum on March 12, 1938, when farmers voted by 92.1 percent in favor of the marketing control plan. In a second referendum in December 1938, cotton farmers voted by 84.1 percent to continue quotas in 1939. This meant that noncooperators had to pay a penalty to market that portion of their 1939 crop in excess of their quotas, and more than one-half million dollars was thus collected for the 1939 season.



A referendum to determine whether or not quotas should be used in 1940 was held in December 1939, resulting in approval of quotas by a majority of 91.2 percent.

Table 10 shows the vote by States in the cotton marketing quota referendums of December 1938 and December 1939.

TABLE 10.—*Results of cotton marketing quota referendums for 1939 and 1940*

State	Vote (December 1938) on quotas for 1939				Vote (December 1939) on quotas for 1940			
	Total votes	For quotas	Against quotas	Percent-age for	Total votes	For quotas	Against quotas	Percent-age for
Alabama.....	184, 830	168, 463	16, 367	91.1	153, 656	145, 915	7, 741	95.0
Arizona.....	1, 029	904	125	87.9	942	915	27	97.1
Arkansas.....	97, 388	90, 894	6, 494	93.3	89, 034	83, 227	5, 807	93.5
California.....	2, 867	2, 060	807	71.9	3, 212	2, 744	468	85.4
Florida.....	6, 135	4, 774	1, 361	77.8	4, 354	3, 704	650	85.1
Georgia.....	112, 774	88, 316	24, 458	78.3	82, 909	73, 426	9, 483	88.6
Illinois.....	238	183	55	76.9	200	177	23	88.5
Kansas.....	26	19	7	73.1	22	22	0	100.0
Kentucky.....	1, 498	1, 190	308	79.4	1, 317	1, 251	66	95.0
Louisiana.....	82, 490	76, 569	5, 921	92.8	81, 492	78, 816	2, 676	96.7
Mississippi.....	180, 589	169, 890	10, 699	94.1	149, 298	143, 869	5, 429	96.4
Missouri.....	9, 575	8, 270	1, 305	86.4	7, 674	7, 023	651	91.5
New Mexico.....	1, 941	1, 398	543	72.0	2, 150	1, 924	226	89.5
North Carolina.....	116, 810	75, 957	40, 853	65.0	56, 504	50, 737	5, 767	89.8
Oklahoma.....	41, 912	28, 058	13, 854	66.9	49, 521	40, 236	9, 285	81.3
South Carolina.....	81, 909	72, 076	9, 833	88.0	66, 692	64, 202	2, 490	96.3
Tennessee.....	50, 045	42, 716	7, 329	85.4	40, 224	36, 770	3, 454	91.4
Texas.....	191, 973	148, 159	43, 814	77.2	169, 859	139, 206	30, 653	82.0
Virginia.....	5, 634	4, 007	1, 627	71.1	3, 213	3, 133	80	97.5
Total.....	1, 169, 663	983, 903	185, 760	84.1	962, 273	877, 297	84, 976	91.2

### 3. COTTON LOANS

Cotton loans, authorized under the act, help farmers obtain a better price than would otherwise be possible and, at the same time, permit a more orderly marketing of the crop. Most cotton farmers need to get a cash return from their production as soon as possible after the crop is harvested. The loan program enables them to get such a return immediately. At the same time they retain title to their cotton and thus are in a position to profit from any later advance in price.

Cotton loans are guaranteed by the Commodity Credit Corporation, the loan money which farmers borrow usually being obtained from private lending agencies.

In 1939, the minimum loan rate, based on 7/8-inch Middling cotton, was 8.3 cents a pound, with differentials for various other grades and staples and for location.

Since cotton prices generally remained above the loan rates, however, comparatively little of the 1939 crop went under the loan. From the beginning of the 1939 loan program until May 1, 1940, the final date for obtaining a loan, only 28,901 bales were placed under loan. These loans totaled \$1,288,423. This compares with 4,481,926 bales placed under loan in the 1938-39 loan program, totaling \$205,329,145.

### 4. SURPLUS-REMOVAL OPERATIONS

Efforts under the A. A. A. program to help the cotton farmer do not stop with the adjustment, conservation, and loan activities. Attention also has been directed toward the removal of the accumulated cotton surplus.

One means of disposing of surplus cotton is through the Cotton Stamp Plan. This plan for putting surplus cotton into the hands of needy families was started early in 1940 by the Federal Surplus Commodities Corporation, which later became a part of the Surplus Marketing Administration. The plan was similar to the Food Stamp Plan which already had been established in many cities and communities throughout the country. The object was to provide low-income families with additional free cotton goods in connection with purchases of certain quantities of cotton goods.

Another important surplus-removal operation, started in the early months of 1940, was the Cotton Mattress Program, designed to provide low-income families with "home-made" cotton mattresses. Because thousands of cotton-producing families are themselves without cotton mattresses, the program was a success from the start. Three bureaus of the Department of Agriculture cooperated in the program. The Surplus Marketing Administration furnished the surplus cotton, the A. A. A. certified families for the program and handled the distribution of the cotton, and the Extension Service supervised the making of the mattresses in community centers. Through June 30, 1940, orders had been placed for 86,050 bales of cotton for the mattress program, and 137,606 mattresses had been completed. The program was operating in 822 counties of 14 States. In no case was material for a mattress furnished to a family under this plan unless that family was financially unable to buy a mattress.

To encourage the use of cotton fabric as a covering for cotton bales, the Department of Agriculture continued its subsidy to encourage this new use by paying 25 cents a bale for the use of cotton bagging during the 1939-40 season. This program resulted in the use of cotton bagging for about 1 million bales during the season.

Through experimentation and research, the Department of Agriculture continued to seek other uses for cotton. While such activities were not administered directly by the Agricultural Adjustment Administration, all were closely related to the objectives of the A. A. A. in its over-all program.

## 5. WHAT THE COTTON PROGRAM ACCOMPLISHED

The A. A. A. program contributed to the welfare of cotton farmers during 1939-40 as follows:

(1) With the A. A. A. program in effect, farmers held their planted cotton acreage to about 25 million acres in 1939, and thus prevented the addition of another huge crop to the already burdensome surplus.

(2) The program helped to increase farm income, not only through conservation and parity payments, but also by stabilizing cotton production, which likewise had a stabilizing effect upon price.

(3) Better land use through adjusted cotton acreage made possible a greater conservation of natural resources. It also made available more land for growing food and feed crops, so badly needed for home use on Cotton States farms.

(4) The A. A. A. program, through its aid to cotton farmers, assured consumers of an adequate supply of fiber at fair prices.

The cotton surplus that hung over the heads of Southern farmers in 1939-40 was the direct result of the record crop of nearly 19 million bales in 1937 before the present A. A. A. program went into effect.

While this surplus from 1937 still remained to have a depressing effect on the market at the end of the 1939-40 period, the A. A. A. program with its loans and marketing quotas was the means of stabilizing the situation and protecting cotton income to an important degree while gradual reduction of the surplus was being undertaken.

#### IV. THE PROGRAM FOR TOBACCO

More than three-fourths of a million farm families in the United States are engaged in the production of five major kinds of tobacco. Tobacco is a highly intensive crop; the average acreage per farm family is only about 2 acres.

Flue-cured, Burley, Maryland, fire-cured and dark air-cured, and cigar tobacco—each has characteristics which distinguish it from the others. These characteristics are primarily the result of the variety of seed used, the type of soil on which it is grown, the climate of the locality, and the curing methods employed. For any given kind of tobacco qualities such as flavor, aroma, color, and burn determine its suitability for use in manufacturing the various classes of tobacco products such as cigarettes, smoking tobacco, chewing tobacco, snuff, and cigars.

##### 1. TOBACCO SITUATION

In general, there has been an upward trend in the domestic consumption of flue-cured, Burley, and Maryland tobacco, but a decrease in dark tobacco and the cigar types. This has been due to the increased use of cigarettes, composed of the first-named types, and to decreases in the use of chewing tobacco and cigars. A little more than one-half the United States tobacco production is flue-cured, about one-fourth is Burley, 10 percent is composed of dark types, and most of the remainder is cigar-leaf. Considerable percentages of flue-cured, fire-cured, and air-cured tobacco go into export outlets.

United States tobacco growers experienced a major crisis during the latter half of 1939 due to a combination of unfavorable factors. Among these were (1) supplies at a record peak, and (2) a sharply curtailed market due principally to the European war, which affected foreign outlets. Accordingly, as the 1939-40 season drew to a close, growers of the major types of tobacco prepared to vote upon the question of using the marketing-quota machinery, as provided in the Agricultural Adjustment Act of 1938, to bring supplies in line with demand and thereby protect their incomes.

Since each major kind of tobacco has problems peculiar to it, the situation in each case is outlined separately.

##### FLUE-CURED TOBACCO

A most serious situation in 1939 was faced by growers of flue-cured tobacco, which is produced in the Carolinas, Virginia, Georgia, Florida, and to a small extent in Alabama. During the 10 years 1929-38, the annual average production was 709 million pounds. In 1939, however, the largest flue-cured crop in history was produced—1,159 million pounds. This huge expansion in production occurred after growers had failed to approve the use of marketing quotas for



1939. As a result, the supply on July 1, 1939, soared to a record peak of over 2,100 million pounds. This was more than three times the expected outlets for the ensuing selling season.

The burden of this huge supply on the market was greatly aggravated by the withdrawal of the British buyers on September 8, 1939, about 5 weeks after the markets had opened. During the period 1934-38, the United Kingdom was an outlet for approximately one-third of the flue-cured crop. This was an outlet for the better grades, selling for the highest price, and thereby returned growers nearly 50 percent of their total income from flue-cured tobacco. The wartime loss of such an important part of the demand caused the flue-cured markets to shut down, and it was not until the second week in October that buying was resumed. During this interval, flue-cured growers approved, by referendum, a marketing quota for their 1940 crop, and the Commodity Credit Corporation through a purchase and loan agreement restored to the market the buying power of the purchasers for the British trade.

#### BURLEY TOBACCO

Burley tobacco is grown in 15 States, the most important of which are Kentucky and Tennessee. Outbreak of the war had little direct effect on Burley tobacco in 1939, since only about 4 percent of the crop is exported. However, continued production in excess of the consumption level reflected the need for further adjustment effort in 1940. About 395 million pounds of Burley were produced in 1939, compared with a 10-year average production of 333 million pounds, making the Burley supply the third largest in history—more than 1 billion pounds.

#### FIRE-CURED AND DARK AIR-CURED TOBACCO

Fire-cured tobacco is grown in western Kentucky and Tennessee and in south central Virginia. Dark air-cured tobacco is grown in western Kentucky, Tennessee, southern Indiana, and in the vicinity of Richmond, Va. The 1939 crop of fire-cured tobacco amounted to about 96 million pounds, compared with a 10-year average crop of about 134 million pounds. The 1939 crop of dark air-cured tobacco was slightly less than the 10-year average crop of about 43 million pounds.

The domestic consumption of fire-cured tobacco has been on the downgrade for more than 15 years, due to decline in the consumption of snuff, chewing tobacco, and Italian-type cigars. About 60 percent of this tobacco has been exported, and, since the bulk of these exports go to continental Europe, the outbreak of the European war caused a critical situation for fire-cured tobacco growers.

The consumption of dark air-cured tobacco, like that of fire-cured tobacco, has been declining. The outlets for this tobacco have dropped from about 100 million pounds 20 years ago to about one-third of this amount.

#### MARYLAND TOBACCO

Maryland tobacco is grown in southern Maryland. This type has seen a marked shift in its market in the past 20 years. Whereas, at one time, one-fifth of the crop was used domestically and four-fifths was exported, today the ratio has been reversed and about four-fifths is domestically used. Since Maryland tobacco exports go chiefly to con-



tinental Europe, the possibility of losing that portion of the market, at least temporarily, became apparent in 1939. Improved domestic demand of recent years, however, held promise of continued satisfactory income levels.

#### CIGAR-LEAF TOBACCO

Cigar types of tobacco are grown in Massachusetts, Connecticut, New York, Pennsylvania, Wisconsin, Minnesota, Georgia, Florida, the Miami (Ohio) Valley, and Puerto Rico. In 1939, total production of cigar tobacco in the United States was about 1 million pounds in excess of the 10-year average of 124 million pounds.

### 2. HOW THE PROGRAM DEVELOPED

During the 1920's, tobacco growing was a speculative undertaking. When prices were high, growers made a profit; when prices were low, they operated at a loss. Excessive supplies usually led to low prices. Adjustment of the supply to demand came only when low prices forced the financially weaker operators either wholly or partially out of production.

During that decade, attempts were made by growers to achieve crop regulation through voluntary action. However, most farmers could almost double production in any one year, and while a majority of producers voluntarily reduced their crops, others took advantage of the situation and increased plantings. Therefore purely voluntary attempts to adjust supplies to demand proved futile.

#### FIRST ADJUSTMENT PROGRAMS

In 1933 and 1934, growers obtained through Congress a program under which they could cooperate to adjust supplies and maintain prices. This was a combined payment and penalty program, under which payments were made to those producers who kept plantings within acreage allotments, and penalties were imposed upon those who exceeded allotments. Operating during 1934 and 1935, this program served to remove the excessive supplies which had accumulated in the early 1930's and helped to bring about a material increase of prices from the low level of 8 to 12 cents a pound during 1930, 1931, and 1932.

Early in 1936, the Supreme Court held that the method used in bringing about this adjustment was invalid. The Congress then authorized a program based on payments alone, which operated in 1936 and 1937. Largely because supplies already had been reduced to reasonable levels, prices were relatively good during these 2 years. In 1937 farmers produced a large crop of tobacco, and at the close of the 1937 selling season it was evident that supplies were increasing and that prices would be lower if another large crop was produced in 1938.

#### THE LEGISLATION OF 1938

Tobacco growers asked the Congress to provide machinery under which penalties would be imposed for excessive marketings. Legislation was provided in the Agricultural Adjustment Act of 1938, and growers of flue-cured, Burley, and dark tobacco voted by referendum to make the penalties effective on the 1938 crop. The 1938 crop was held to the level of consumption.

In enacting marketing-quota legislation in 1938, the Congress sought to avoid conflicts with previous decisions of the Supreme Court. The acreage-allotment and payment portions of the program were kept separate and distinct from the marketing-quota portions. Further refinements of the legislation were desired by the growers after their initial experience under it, however, and some amendments were enacted by the Congress in the spring of 1939.

Marketing quotas for the 1939 crop were not approved by the growers of flue-cured, Burley, and dark tobacco growers, and therefore the 1939 crop of tobacco (all types) was grown without effective control.

### 3. TOBACCO AMENDMENTS

After the Supreme Court, in the *Mulford case*, upheld as valid the marketing quota provisions of the Agricultural Adjustment Act of 1938, growers initiated development of a number of amendments which were designed to facilitate and make more effective the administration of the act and to take into account changes in the general economic outlook for tobacco. Included in these amendments was authority for growers to use marketing quotas (if approved by a two-thirds majority) for a period of 3 consecutive years. Enforcement provisions were strengthened by additional penalties for violations.

### 4. HOW THE PROGRAM WORKS

#### ALLOTMENTS AND QUOTAS

In general, the tobacco program functioned during the past year in much the same manner as in the preceding year. The tobacco amendments, mentioned above, are in some cases to become applicable only to the marketing years beginning in 1941 and in other cases have provided machinery for the 1940-41 marketing quotas, which were necessary only for flue-cured and Burley tobacco. Quotas in 1940 were for the first time on an acreage basis.

The referendum results on marketing quotas for flue-cured and Burley tobacco for the marketing year 1940-41 are outlined in table 11.

Table 12 lists, for the important producing States, the allotted and harvested acreage during 1939 and 1940 for flue-cured and Burley tobacco. In 1939, when marketing quotas were inoperative, the harvested acreage was 147 and 107 percent, respectively, of the allotted acreage for flue-cured and Burley; and in 1940, when marketing quotas were operative, the harvested acreage and allotted acreage were practically identical.

TABLE 11.—Vote on tobacco quotas in the 1939 referendums

#### FLUE-CURED TOBACCO

State	Number of votes cast			Per- cent in favor	State	Number of votes cast			Per- cent in favor
	Yes	No	Total			Yes	No	Total	
Alabama.....	79	4	83	95.2	South Carolina.....	21,341	2,459	23,800	89.7
Florida.....	3,347	659	4,006	83.5	Virginia.....	23,531	2,966	26,497	88.8
Georgia.....	17,354	3,063	20,417	85.0					
North Carolina.....	159,954	15,914	175,868	91.0	Total.....	225,606	25,065	250,671	90.0

TABLE 11.—*Vote on tobacco quotas in the 1939 referendums—Continued*

## BURLEY TOBACCO

State	Number of votes cast			Percent in favor	State	Number of votes cast			Percent in favor
	Yes	No	Total			Yes	No	Total	
Alabama.....	33	2	35	94.3	Ohio.....	2,416	1,221	3,637	66.4
Arkansas.....	18	0	18	100.0	Oklahoma.....	3	0	3	100.0
Georgia.....	28	11	39	71.8	South Carolina.....	12	0	12	100.0
Illinois.....	13	1	14	92.9	Tennessee.....	12,328	4,583	16,911	72.9
Indiana.....	3,047	1,364	4,411	69.1	Virginia.....	2,848	1,507	4,355	65.4
Kansas.....	25	30	55	45.5	West Virginia.....	455	358	813	56.0
Kentucky.....	74,520	9,553	84,073	88.6	Total.....	98,741	19,786	118,527	83.3
Missouri.....	357	340	697	51.2					
North Carolina.....	2,638	816	3,454	76.4					

TABLE 12.—*Flue-cured and Burley tobacco: Acreage allotments and harvested acreage, 1939 and 1940, by important producing States<sup>1</sup>*

State	Flue-cured				Burley			
	1939		1940		1939		1940	
	Allotted acreage	Harvested acreage	Allotted acreage	Harvested acreage	Allotted acreage	Harvested acreage	Allotted acreage	Harvested acreage
Florida.....	14,607	29,500	13,700	14,000	-----	-----	-----	-----
Georgia.....	86,117	125,000	73,300	73,000	-----	-----	-----	-----
Indiana.....	-----	-----	-----	-----	11,506	12,700	10,470	10,900
Kansas.....	-----	-----	-----	-----	510	600	450	500
Kentucky.....	-----	-----	-----	-----	279,800	305,000	290,400	265,000
Missouri.....	-----	-----	-----	-----	6,410	6,800	5,500	5,800
North Carolina.....	588,588	855,000	510,244	502,000	8,477	9,100	7,870	7,900
Ohio.....	-----	-----	-----	-----	14,363	15,500	13,150	13,800
South Carolina.....	96,464	144,000	85,418	86,000	-----	-----	-----	-----
Tennessee.....	-----	-----	-----	-----	67,253	67,000	62,300	63,000
Virginia.....	90,305	134,000	77,400	78,000	11,397	11,700	10,460	10,300
West Virginia.....	-----	-----	-----	-----	4,345	3,600	3,960	3,400
Total.....	876,081	1,287,500	760,062	753,000	404,091	432,000	374,560	380,600

<sup>1</sup> 1940 harvested acreage is preliminary.

## PURCHASE AND LOAN ARRANGEMENTS

During the interval in which flue-cured markets were closed in the fall of 1939, growers approved, in a referendum, a marketing quota for their 1940 crop, and the Commodity Credit Corporation completed a purchase and loan agreement with the buyers for the British flue-cured trade. Under the agreement, purchase prices or loan rates were set for the purpose of maintaining prices at the average which had prevailed before the markets closed. This average was 14.9 cents. The companies participating in the agreement were given options on their purchases, expiring July 1, 1941, in consideration of the payment of buying, redrying, and packing costs. Any company failing to exercise its option would lose the cost of the services furnished. Approximately 175 million pounds of the 1939 flue-cured crop were stored under the terms of this agreement; through September 1940, the options on about 13 million pounds had been exercised. Agreements of similar nature were completed with buyers for the foreign outlets of dark tobacco, approximately 81¼ million pounds being purchased under such agreements.



With the continuance of the emergency when flue-cured markets opened in July 1940, the Commodity Credit Corporation entered into a second agreement with buyers for the export outlets of flue-cured leaf curtailed by war conditions. A maximum of 200 million pounds was to be bought under the plan and stored under an option lasting until July 1, 1942. The price schedule set up in the purchase or loan contract was slightly higher than in the preceding schedule.

### 5. TOBACCO EXPORTS

In normal times this country exported approximately 40 percent of its total tobacco production, and about 55 percent of our tobacco exports was taken by the United Kingdom. This is significant because only four major types are exported to any large extent. These are flue-cured, which depends on foreign outlets for about 60 percent of its production; fire-cured leaf, which is sold abroad to the extent of about 65 percent of the crop; dark air-cured tobacco, which looks to foreign markets for approximately 35 percent of the crop; and Maryland tobacco, which expects foreign demands to account for 20 percent of its production. Burley tobacco has never been an important export type, less than 5 percent of its annual production being used abroad. Crops of the cigar types are used almost completely in this country.

Not only does the present export situation cast its shadow on the farm program for major types of tobacco, but the future of the export market will play an important role in determining the program within the next several years.

During the first year of the war, exports of the four major export types of tobacco were slightly less than 70 percent of those for the preceding year. That this loss was not greater is due to two factors: (1) The theater of operations of the war was fairly limited until last May, and (2) many European countries stocked up in anticipation of the blockade. For the forthcoming year not more than 15 percent of the export market for these types is free of wartime hindrance. Because of this, it is expected that the volume of 1940-41 exports will be very low.

### 6. CONCLUSION

The use of marketing quotas and acreage allotments by the growers, along with purchase and loan agreements with the tobacco industry, has maintained the incomes of growers at a reasonable level for the 6-year period 1934-39, even with in-and-out regulation of marketings. However, developments during the 1939-40 period indicated the need for continued adjustment over an extended period.

It was impossible to estimate the ultimate effects of war conditions upon export markets. Two lines of approach to the problems were instituted:

1. Efforts to bring supplies of tobacco in line with the reduced market in such a way as to maintain price levels and to preserve those export markets which would remain after the war period.

2. Efforts to maintain and expand those export markets which were available under existing conditions.

An approach of less immediate effect is exploration of new or expanded domestic uses. The combined attack on the problems hinges upon the legislative machinery of the Agricultural Adjustment Act. That machinery's development through amendments in 1939 and 1940 represented one of the marks of progress during the period by the producers of United States tobacco.

## V. THE PROGRAM FOR RICE

Practically all of the rice produced in the United States is grown in four States: Louisiana, Texas, Arkansas, and California. A few hundred acres are grown in Missouri and Hawaii.

These areas supply most of the rice consumed in the United States and its possessions, with substantial quantities being exported to Cuba, Canada, and the United Kingdom. Prior to the blockade of European trade, imposed by the war, some rice was exported to most of the countries of continental Europe. During the past 2 years Cuba alone has taken more than two-thirds of all the rice exported by this country.

### 1. THE RICE SITUATION

The United States and its possessions normally consume for all purposes about 11.5 million barrels of rice annually. During the past 3 years exports have amounted to about 3 million barrels. This means that American rice farmers have had a market for about 14 million to 14.5 million barrels of rice annually. Since about two-thirds of the rice exports have been going to Cuba, the American growers have been dependent to a great extent on this market, in which the United States enjoys a preferential duty of about 80 cents a barrel.

Like producers of wheat, corn, and tobacco, rice farmers have expanded their planted acreage over a period of years until production now frequently exceeds the amount of rice that can be disposed of at a satisfactory price. A surplus problem has thus developed.

The A. A. A. program for rice operates in a manner similar to the program for other major crops, its objectives being to adjust the production of rice to a level in line with market outlets plus reasonable reserve supplies. It provides for acreage allotments to all producers and for conservation and parity payments to farmers who plant within these allotments. It also authorizes loans and marketing quotas for rice when conditions warrant and, in the case of quotas, when producers vote their approval in a referendum.

### 2. ACREAGE ALLOTMENTS

The 1939 rice acreage allotments to the five rice-producing States and Hawaii totaled 861,656 acres, compared with a national allotment of 850,000 acres in 1938. The growers actually planted 1,039,528 acres of rice in 1939, and the crop totaled 14,542,616 barrels, compared with 1,076,957 acres planted and a total production of 14,608,126 barrels in 1938.

The acreage allotments to the rice-producing areas for 1940 were 891,770 acres, and it was estimated that 1,095,526 acres were planted. The 1939 and 1940 rice acreage allotments and plantings, by areas, are shown in table 13.

TABLE 13.—*Rice acreage allotments and plantings, 1939 and 1940, by States*

State	1939		1940	
	Rice acreage allotment	Planted acreage	Rice acreage allotment	Planted acreage <sup>1</sup>
Arkansas.....	147,317	171,000	154,527	197,000
California.....	111,920	120,000	113,033	118,000
Louisiana.....	412,039	479,000	421,754	489,000
Missouri.....	500	( <sup>2</sup> )	500	( <sup>2</sup> )
Texas.....	189,300	269,000	201,386	291,000
Hawaii.....	580	528	570	526

<sup>1</sup> Preliminary—July 1940.<sup>2</sup> Not available.

Under the program the rice allotments were apportioned among individual rice producers on the basis of the farmer's experience in growing rice, the acreage on the farm suited to rice production and for which water was readily available, soil fertility, crop rotation practices, and other physical factors affecting the production of rice.

### 3. RICE PAYMENTS

Farmers participating in the rice program in 1939 received two kinds of payments: conservation and price adjustment. The conservation payment rate was 9 cents per hundred pounds on the normal yield of the 1939 rice acreage allotment; the price adjustment payment rate was 12 cents per hundred pounds. Both payments were conditioned on the farmer's planting within his allotment.

Payments on rice under the 1939 program are shown in table 14.

TABLE 14.—*Rice—conservation, price adjustment, and total payments, 1939*

State	Rice conservation payment	Rice price adjustment payment	Total rice payments
Arkansas.....	\$291,000	\$329,000	\$620,000
California.....	268,000	355,000	623,000
Louisiana.....	660,000	782,000	1,442,000
Missouri.....	1,000	—	1,000
Texas.....	316,000	333,000	649,000
Hawaii.....	2,883	2,814	5,697
Total.....	1,538,883	1,801,814	3,340,697

### 4. MARKETING QUOTAS

Marketing quotas for rice are authorized under the act in any year in which the total supply of rice exceeds the normal supply by more than 10 percent. As in the case of the other basic commodities, approval of two-thirds of the producers voting in a referendum is required to make rice quotas effective.

The estimated rice supply in the United States at the beginning of the 1938-39 marketing season exceeded the normal supply by more than 10 percent; therefore quotas for the next marketing year became applicable, subject to referendum approval. However, rice producers in a referendum in December 1938 failed to vote the required two-



thirds majority for quotas, and the 1939 crop accordingly was not marketed under the quota plan.

The supply at the beginning of the 1939-40 marketing year was such that a quota referendum for the following year was not required.

#### 5. LOANS ON RICE

The act provides authority for loans on the rice crop through the Commodity Credit Corporation whenever the supply and price situation indicates that the support of a loan program is needed. However, no Government loan has been made on rice.

#### 6. SURPLUS REMOVAL OF RICE

Every effort is being made to give United States rice farmers a fair return from their crop. In 1939, through the Federal Surplus Commodities Corporation, 12,758,000 pounds of milled rice was bought and distributed to needy families. This program was continued in 1940 with the purchase through June 30 of 94,203,900 pounds of rice for similar distribution. These purchases helped relieve a depressed market.



## CHAPTER 4

# THE ADMINISTRATION OF SPECIAL PROGRAMS

### I. THE RANGE PROGRAM

An important part of America's agriculture is the range industry. The western range extends over 40 percent of the land area of the United States and has long been a major source of the Nation's supply of meat animals. Nearly 30 million of the 69 million head of cattle in the United States and nearly 40 million of the 54½ million head of sheep are in the western range States. However, the area must be accredited with a higher percentage than is actually reflected in these figures, since so much stock is bred on the range and shipped into other sections for finishing.

During the last two decades the productivity of the range has been threatened on an increasing scale. For years there was plenty of new land to be grazed whenever depletion became a problem on the old range. Then the supply of new land gave out, and droughts, which had always come in this area of limited rainfall, took heavier toll. In the 1930's the combination of a severe drought and an economic depression served to emphasize the need for concerted conservation of the range.

### DEVELOPMENT OF THE PROGRAM

The Range Conservation Program was created under authority of the Soil Conservation and Domestic Allotment Act of 1936. It became part of the A. A. A. farm program in the 17 western range States, which include: Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming.

The range program was launched in 1936, and each year since then the participating acreage has continued to increase, going from 49 million acres in 1936 to 213 million acres in 1939. The number of range operators participating has also increased. There were 12,000 in 1936, and four times as many in 1939. In the 4 years of the program, participating ranchmen have earned a total of \$34,810,000, of which \$12,145,000 was earned in 1939.

In general, the range program does two things. First, it helps the ranchman study his range and range forage. In this way he can determine what will be his most efficient stocking rate, a rate that will obtain a sustained yield of forage and a gradual restoration of the more desirable range plants. Second, the program helps the ranchman analyze the conservation problems of his individual ranch unit and then helps him carry out such range-building practices as he needs to meet those problems.



He may earn payments for carrying out these practices, although the payments usually cover only a part of the total cost involved. Nevertheless, by using the program, the range operator has opportunity to develop his range resources to the fullest extent for the most efficient, continued production.

### RANGE-BUILDING ALLOWANCE ESTABLISHED

Under the program a range-building allowance is set up for each ranch on the basis of the grazing capacity and the number of acres of range land in the ranch. The ranch operator may earn this allowance by carrying out practices at rates of payment established under the program.

The practices encouraged in this way by the program include two types: Those which help restore range cover by giving the grass a better chance to grow; and artificial reseeding, which restores cover to areas on which the grass is so badly depleted that it would be unable to revive by itself.

Under the first group of practices the range operator may give the grass a greater opportunity to restore itself by better distribution of stock on the range, by deferred or rotation grazing, by mechanical aids to prevent erosion and to save water, and by protecting the range cover from fire and from competition of undesirable plants.

### CONSERVATION OF WATER

Practices aimed to bring about better distribution of stock on the range have been emphasized since the beginning of the range program, and in the first 4 years 114,000 various stock-water developments have been constructed. These developments at locations away from existing waters serve to revive those overgrazed areas adjacent to the natural water to such a degree that rapid recovery of the forage cover can be expected on many badly depleted areas.

Tanks and reservoirs have been a principal form of water development, about 76,900 tanks and reservoirs having been constructed under the program since 1936. In 1939 about 21,000 were built. This number was exceeded in 1937 when 27,500 tanks and reservoirs were constructed, but the increase in size of the dams built in 1939 more than offset the difference in number. The number of cubic yards of earth moved in the construction of the dams has increased each year of the program, going from 5 million cubic yards in 1936 and 31 million cubic yards in 1937, to 39 million cubic yards in 1939.

Spring developments number 24,300 for the first 4 years of the program. About 4,600 springs and seeps were developed in 1939.

In the 4 years of the program, 13,150 wells have been drilled. Under the 1939 program, 5,000 were approved.

All these practices have served to spread the grazing load more evenly over the range. Another practice closely related in purpose to the development of new watering places is natural reseeding of the range by deferred grazing. This practice makes it possible for operators to withhold depleted areas from grazing during the period of plant growth. This not only permits the plants to mature a crop of seed, but it also invigorates those already established by giving them a full season's growth.

More than 66 million acres of western range have been reseeded naturally in this way since 1937, when the practice was first instituted. In 1939 the practice was carried out on nearly 26 million acres, slightly less than the 1938 area, but approximately twice the 1937 acreage.

In an area such as the western range, where less than 20 inches of rain falls annually, water run-off must be held to a minimum if any adequate growth cover is to be maintained. Once established, the cover itself will serve to control the run-off, but in the meantime many soil types need mechanical aids in order to retain sufficient moisture to reestablish the forage cover. Contour furrowing and spreader terracing have proved effective for this purpose, and each year since the program began these practices have shown marked increases.

In the 4 years, 441,000 acres of range land have been contour furrowed. A total of 211,000 acres of this was accomplished in 1939, on approximately 850 ranches. Six hundred ranches constructed spreader terraces which in 1939 totaled 8 million linear feet. This brings the total since 1936 to 21 million linear feet.

### PROTECTION TO RANGE COVER

The water-development and erosion-control practices aid in restoration of range cover. Two practices are included in the program to protect range grass from destruction by fire and by competitive plants of low palatability.

In the absence of grass, weeds, and unpalatable shrubs keep soil from eroding, but these plants often prevent more desirable plants from reviving. The program therefore encourages elimination of certain undesirable species where this can be done without reducing vegetative cover to a degree that would increase erosion. This practice was included for the first time in the 1937 program, and since that time destructive plants have been eliminated from 6.8 million acres.

TABLE 15.—*Four years of the range program*

	1936	1937	1938	1939	Since program began
Number of applications.....	12, 410	37, 455	45, 168	48, 099	143, 132
Acres in program.....	49, 039, 000	154, 553, 362	189, 851, 257	213, 378, 795	606, 822, 414
Money earned.....	\$1, 810, 000	\$8, 765, 000	\$12, 090, 000	\$12, 145, 000	\$34, 810, 000
<i>Range-building practices</i> <sup>1</sup>					
Deferred grazing.....(acres)...	(2)	12, 841, 184	28, 077, 076	25, 471, 051	66, 389, 311
Artificial reseeding.....(acres)...	36, 847	80, 860	265, 000	421, 000	803, 707
Contour furrowing.....(acres)...	12, 016	60, 068	158, 032	210, 512	440, 628
Spreader terraces.....(linear feet)...	1, 900, 000	3, 252, 741	7, 712, 821	8, 149, 087	21, 014, 649
Tanks and reservoirs.....	7, 163	27, 553	21, 195	20, 991	76, 902
Cubic yards.....	5, 230, 151	31, 383, 372	35, 416, 924	38, 773, 208	110, 803, 655
Spring developments.....	3, 437	11, 640	4, 660	4, 584	24, 321
Wells.....	953	1, 311	5, 904	4, 990	13, 158
Elimination of destructive plants (acres).....	(2)	1, 677, 400	2, 432, 850	2, 708, 615	6, 818, 865
Fireguards.....(linear feet)...	565, 862	13, 094, 488	19, 039, 086	17, 720, 678	50, 420, 114

<sup>1</sup> Principal practices are shown.

<sup>2</sup> Not listed.

As a protection against fire, 50 million linear feet of fireguards have been constructed since 1937. Artificial seeding of the range supplements the practices which work for restoration of range cover through natural reseeding. Since the program was launched, 804,000 acres of range have been reseeded by artificial methods. A total of 421,000 acres of this was done in 1939, nearly twice as much as for any preceding year.

Table 15 gives a 4-year summary of the program.

### PRACTICES MEET LOCAL PROBLEMS

Throughout the operation of the range program since 1936, more and more emphasis has been placed on the conservation problems of the individual ranching units. By 1940, provisions were included in the program for the establishment of supplemental practices to meet special local problems. The opportunity offered by these practices and by the regular practices has made it possible for many range operators to develop plans of operation that mean more conservation, more improvement, and increased efficiency on each ranch.

### CONTRIBUTION TO NATIONAL DEFENSE

By carrying out this peacetime program for conservation, the ranchmen of this country are also making an important contribution to national defense. They are building up the productive power of the range, and, at a time when the Nation needs its utmost strength, the range program takes on a new significance, because through it ranchmen are moving forward in the development of a more lasting and more efficient range industry. This is their contribution to national welfare and national defense.

## II. NAVAL STORES CONSERVATION PROGRAM

Objectives of the 1939 conservation program for gum naval stores producers included the conservation of timber resources, and prevention of their uneconomic use and wasteful exploitation, through the adoption of approved turpentine practices such as better fire protection and better cutting practices. The program was administered by the Forest Service and financed by funds made available to the A. A. A. for conservation purposes.

Naval stores farmers were paid at the rate of  $\frac{1}{2}$  cent per face (chipped area of the tree from which the gum flows) for all faces worked under approved practices and 5 cents per face for faces taken out of operation on small trees as required by provisions of the program. Damage to future usefulness for merchantable timber is not as serious in the case of large trees as it is in the case of small trees.

Due to large surpluses of naval stores, most of which had accumulated in the hands of the Government through Commodity Credit Corporation loans, the provisions of the 1939 program required a minimum curtailment of croppage of at least 15 percent with permission to discontinue work on up to 40 percent of otherwise eligible working faces. For such faces as were discontinued under these provisions of the program, 5 cents per face was paid.



Payments earned under this program approximated \$1,600,000 which was paid to 2,510 participating farmers in the States of Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, and South Carolina.

### III. PROGRAM IN THE INSULAR REGION

The program in the Insular Region, which includes Puerto Rico, Alaska, and Hawaii, was administered by the Insular Division in 1939. Later, in the early part of 1940, the Insular Division became a part of the Division of Special Programs.

Sugarcane is the most important commercial crop in Hawaii and in Puerto Rico. Tobacco, coffee, vegetables, and fruits are also important in Puerto Rico, as are pineapples, truck crops, range livestock, and dairying in Hawaii. On the limited number of farms that have been established in Alaska, the main farm products are livestock, feed grains, potatoes, and other vegetables.

Under the 1939 Agricultural Conservation Program acreage allotments were established for tobacco growers in Puerto Rico and for rice growers in Hawaii. In addition to payments made for complying with these allotments, the program also offered payments for carrying out soil-building practices, the most important of which were planting conserving crops on cropland and reseeding pasture and range land. Other practices included planting and maintaining trees, contour cultivation, terracing, constructing water-diversion ditches, eradicating pasture-destroying plants, and applying lime, phosphate, and crop residues to the soil. Payments amounting to approximately \$1,800,000 were made under the program to the 89,000 farmers who participated. Approximately 72 percent of the payments were based upon the carrying out of soil-building practices. The farms participating in the program included approximately 1,032,000 acres of cropland and 1,716,000 acres of pasture and range land. Parity payments amounting to \$2,814 were made to rice producers in Hawaii under the Price Adjustment Act of 1938.

All of the sugarcane growers in the region, numbering about 16,000, participated in the program carried out under the Sugar Act of 1937. Under this program producers are eligible for payment if they adjust their production so that it conforms with allotments based upon the marketing quota and carry-over requirements for their area, if they pay not less than prescribed wages to laborers employed on their farms, and if they carry out specified soil-conserving practices. Producers who are processors must also pay not less than prescribed prices for sugarcane purchased from other growers. Payments made in connection with the 1939 crop in Hawaii and the 1939-40 crop in Puerto Rico amount to more than \$19,000,000. Because of the provision for reducing the rate of payment for large farms, the average amount paid per hundred pounds of sugar was less in the Insular Region than in other areas.

TABLE 16.—*Practices under the 1939 program in the Insular Region*

Practice	Alaska	Hawaii	Puerto Rico
Planting cover crops with other crops..... (acres).....	2, 101	148	188, 450
Planting cover crops for permanent pasture and green manuring..... (acres).....	247	2, 979	26, 357
Replanting range and pasture land..... (acres).....	112	33, 740	9, 592
Contour planting..... (acres).....		11, 544	24, 373
Furrowing fallow, pasture, and range land..... (acres).....		270	597
Constructing ditches..... (100 ft.).....		2, 851	111, 835
Lining ditches..... (100 sq. ft.).....		13, 570	295
Filling gullies..... (cu. yd.).....			3, 536
Constructing check dams..... (ft.).....			13, 930
Planting grass in gullies..... (100 sq. ft.).....		28, 374	1, 160
Constructing continuous terrace..... (ft.).....		92, 299	
Constructing and maintaining individual terraces and catch pits..... (acres).....		2	29, 540
Planting trees..... (acres).....		508	490
Maintaining coffee shade trees..... (acres).....			195, 302
Applying limestone..... (tons).....		14	4, 202
Applying phosphate and potash..... (cwt.).....	276	1, 356	2, 458
Applying crop residue as fertilizer..... (acres).....		9, 375	2, 010
Eradicating pasture and range-destroying plants..... (acres).....		5, 814	35, 543
Deferred grazing..... (acres).....		80, 050	
Constructing water tanks..... (100 gal.).....		6, 629	
Constructing watersheds..... (sq. ft.).....		65, 551	

#### IV. CONSERVATION MATERIALS AND SERVICES PROGRAM

The conservation materials and services program, under which the regional divisions distribute materials and services to cooperating farmers, expanded rapidly in 1939. As a result, the supervision of this special phase of the conservation program, on behalf of the Administrator, was placed within the Division of Special Programs early in 1940, with a joint committee of regional division representatives continuing to function in working out matters of procedure and policy.

Under the conservation materials and services program, phosphatic fertilizers, liming materials, seeds, tree seedlings, and terracing services are purchased by the A. A. A. and distributed to farmers by the regional divisions for use in carrying out approved soil-building practices. For carrying out such practices as part of the agricultural conservation program, cooperators ordinarily receive conservation payments up to a maximum amount established for each farm. When the materials or services are furnished by the A. A. A., the cost is deducted from the conservation payments which otherwise would be made to the cooperators.

The principal conservation materials distributed in 1939 were lime, superphosphate, and legume seeds. Table 17 shows the distribution of these materials by States.

The seeds distributed under the conservation materials program in 1939, in States other than Oregon and Washington, went to farmers in drought areas. In Oregon and Washington, Austrian winter pea seed and hairy vetch seeds were distributed to farmers by the A. A. A. as part of a plan to increase production of these important winter legume seeds. Under this plan, the Commodity Credit Corporation offered to purchase seeds meeting specifications from cooperating producers at guaranteed prices. The A. A. A. in turn agreed to take over from the Commodity Credit Corporation any seeds acquired under the plan and to distribute such seeds to farmers in Southeastern

States for use in planting their winter cover crops. As a result of this arrangement, production of these seeds in the Pacific Northwest in 1940 was nearly double the production of the preceding year; and the Commodity Credit Corporation acquired more than 40 million pounds of the seeds which, later in the year, were distributed to farmers in the Southeastern States by the A. A. A.

TABLE 17.—*Conservation materials furnished under agricultural conservation programs, 1938 and 1939*<sup>1</sup>

State	Triple superphosphate		Liming materials		Seeds	
	1938 program	1939 program	1938 program	1939 program	1938 program	1939 program
	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>	<i>Pounds</i>	<i>Pounds</i>
Alabama.....	1, 786	4, 208		25, 763		
Arkansas.....	269	5, 701		1, 897		
California.....						<sup>2</sup> 42, 400
Connecticut.....	279	769	2, 232	21, 000		<sup>3</sup> 49, 340
Delaware.....						<sup>3</sup> 132, 062
Georgia.....	67	192		10, 052	1, 011, 000	
Indiana.....		224				
Kentucky.....	33, 263	37, 968		30, 352		
Louisiana.....		22				
Maine.....	1, 428	4, 308	10, 982	27, 752		
Maryland.....	44	103				<sup>3</sup> 166, 485
Massachusetts.....		1, 785		15, 450		
Mississippi.....		462		131		<sup>2</sup> 657, 717
New Hampshire.....	779	4, 108	963	16, 140		<sup>3</sup> 87, 112
New Jersey.....						<sup>3</sup> 2, 300, 000
New York.....				107, 500		
North Carolina.....	1, 027	3, 514	11, 965	108, 464	270, 000	
Ohio.....		393				
Oklahoma.....	61	127				
Oregon.....		2, 444				<sup>2</sup> 1, 317, 700
Pennsylvania.....	301	7, 023	2, 937	32, 710		<sup>3</sup> 23, 500
Rhode Island.....		206		2, 770		<sup>3</sup> 895, 000
South Carolina.....		26		57, 913		
Tennessee.....	11, 095	18, 176	2, 972	92, 269		
Texas.....	31	29				
Vermont.....	5, 171	12, 626		20, 535		<sup>3</sup> 18, 250
Virginia.....	3, 632	16, 195	4, 945	64, 789		
Washington.....		1, 675				<sup>2</sup> 23, 200
West Virginia.....		16, 488	1, 120	47, 027		
Total.....	66, 947	138, 772	38, 116	682, 514	1, 281, 000	5, 712, 766

<sup>1</sup> 1939 totals subject to slight deductions for cancellations of orders after end of period.

<sup>2</sup> Winter legumes.

<sup>3</sup> Grasses and legumes to replace seedlings killed by 1939 drought.

Wide use of lime and superphosphate was continued under the conservation materials program in 1940, with farmers in 29 States taking approximately 2,000,000 tons of liming materials; 140,000 tons of concentrated superphosphate; and 76,000 tons of 20-percent superphosphate through June 30.

## V. DIVISION OF SPECIAL PROGRAMS

The Division of Special Programs was established early in 1940 to administer the agricultural conservation program and the sugar program in the Insular Region, and was also charged with the responsibility of supervising other special programs on behalf of the Administrator.

In addition to the conservation materials and services program, the A. A. A. portion of the Department's cotton mattress program was



placed under this Division. Under the cotton mattress program, the A. A. A. cooperates with the Extension Service and the Surplus Marketing Administration in distributing cotton and ticking to rural families in the low-income groups for use in making cotton mattresses. The Surplus Marketing Administration furnishes the materials, the A. A. A. handles the ordering and distribution of the materials and the certification of eligible families, and the Extension Service conducts the educational work, demonstrates the method of making mattresses, organizes the local centers, and supervises the actual mattress making by those receiving the cotton materials.

## CHAPTER 5

# THE FARM PROGRAM BY REGIONS

## I. THE PROGRAM IN THE NORTHEAST REGION

More than a fourth of the Nation—more than 35 million people—live in the 9 States of the Northeast Region: Maine, New Hampshire, Vermont, Rhode Island, Massachusetts, Connecticut, New York, New Jersey, and Pennsylvania. Of these, somewhat less than 2 million are farmers and members of farm families. Inherent in this striking population relation are most of the particular problems as well as the advantages of the Northeast's agricultural production and life.

### 1. INTERDEPENDENCE OF AGRICULTURE AND INDUSTRY

Geographically adapted to industry, commerce, and shipping, the area has developed congested populations of nonagricultural producers who supply the rest of the country with much of its manufactured goods. Here also is one of the greatest markets for agricultural products grown in the West and South. This interchange of industrial and agricultural products makes up the country's most important stream of internal commerce, largely determines purchasing power in the agricultural West and South and the industrial Northeast, and directly determines markets and returns to agriculture in the Northeast Region.

Broadly fringing great cities and many towns, the region's agriculture is largely devoted to supplying dairy and poultry products, fresh vegetables, and other perishables which carry a price premium because of their nearness to the final consumer. This agricultural activity is dwarfed by comparison with the industries in the area; nevertheless it is extremely important in itself. While only 7 percent of the Nation's farm people live in the region, they produce from 10 to 12 percent of the value of the farm products sold in the entire country.

### MAIN INTEREST IN CONSERVATION

In this area, already consisting mainly of grassland and forests, there is little need or opportunity for downward adjustment of crop acreage, except to stabilize at normal levels the production of specialized and market-sensitive crops. For this reason, acreage allotments are of relatively little importance in the Northeast, and major emphasis is placed on soil-building and soil-improving practices. In 1939, nearly 65 percent of all payments earned in the region were for these practices.

In the main, the region's farm population has from its beginning, 300 years ago, looked on farming as a way of life as well as a way

of making a living. This ideal has always been reflected in sturdy, comfortable houses, ideas on education and local government, and in many other ways. In the past few years, it has had a fundamental part in the response of the farm people to the A. A. A. program of conservation.

## 2. THE PROBLEMS OF THE REGION

The purpose of the Agricultural Adjustment Administration has been to assist farmers in adjusting themselves to situations which may arise from natural as well as economic dislocations. One such situation was the hurricane of 1938, which was a serious blow to a large agricultural population in the Northeast from Long Island to southern and western Maine. The A. A. A., through its county and community committees, assisted the region materially both with immediate aid and in a far-reaching program of agricultural rehabilitation following this disaster.

### FORESTS SEVERELY DAMAGED

One of the greatest farm losses caused by the hurricane was the damage to the forests. The lumber was salvaged by an organization set up by the United States Forest Service. In addition to the salvaging of the timber, there was a serious problem of forest fire hazard from the fallen trees and debris. The A. A. A. provided a special practice in its Northeast program to help woodlot owners remove this hazard and put their forests into condition for as prompt restoration as possible. In 1939 the fire hazard was greatly decreased and restoration was provided for on 48,201 acres of the farm woodland that were most likely to be the starting points of devastating forest fires.

Under this special hurricane or woodland rehabilitation practice it is estimated that similar improvement practices were being carried out on 32,000 acres in 1940.

The carrying out of this work also demonstrated the importance of the local organization of the A. A. A. It would have been impossible to carry on an effective program of rehabilitating this woodland without the use of the local workers, who were trained by the State extension foresters to aid in selecting the areas to be rehabilitated and to show the farmers how the work should be done. Prior approval of the county A. A. A. committee was required on land to be rehabilitated.

### TOBACCO SHEDS DESTROYED

Another large part of the loss to agriculture from the hurricane was the destruction of the tobacco sheds in the Connecticut Valley. This was a severe blow to an industry which already had been forced to undergo drastic adjustments because of the decrease in cigar consumption and the concentration of the manufacture of cigars in the hands of a relatively few large firms. The cigar-leaf tobacco grower's sheds represented an investment of \$400 per acre of tobacco.

Sound adjustments must be based on an accurate knowledge of the total situation facing the farmer. A study was made of the situation on the tobacco farms in the Connecticut Valley and of the general situation with respect to cigars and cigar-leaf tobacco. The results of these studies were presented to a representative group of tobacco



farmers and through them to the tobacco growers of the Valley for determination of policies. The group included the A. A. A. county and community committeemen from the tobacco-growing areas.

It was found that some farmers in certain areas, where damage had been particularly heavy and where the soil was adapted to potatoes, should shift temporarily into the production of potatoes. This required the adjustment of potato and tobacco allotments between farms and between counties. The accomplishment of this adjustment was an illustration of the adaptability of the farm program to meet changing situations.

#### **DROUGHT HITS THE REGION**

The agriculture of the Northeast was again severely treated by nature during the summer of 1939 when drought conditions prevailed over large areas extending from Vermont, and more especially Connecticut, through New York and New Jersey, into Pennsylvania. The drought was particularly destructive to new seedings. Since the farming of the region is predominantly dairying, the loss of the seedings was especially serious. This loss also created a grave erosion danger in many areas. The A. A. A. offered help in this emergency by furnishing seed for reseeding. A total of 31,679 farmers received 3,956,300 pounds of seed. This enabled many farmers to re-cover their hillsides with clover and mixed hays.

#### **OTHER PROBLEMS OF NORTHEAST FARMERS**

A serious situation arose in the agriculture of the Northeast when the milk marketing agreements became inoperative, due to adverse decisions of some of the lower courts. Especially during the first half of 1939, milk prices were at ruinously low levels, with a depressing effect upon a large part of the agriculture of the region. When the agreements were restored after being held valid by the Supreme Court, milk prices recovered.

Another serious situation not directly within the supervision of the Agricultural Adjustment Administration, but remedied by a related part of the farm program, was the situation in apples in the fall of 1939. The unusually large apple crop of last year, together with the prospective and actual loss of a large part of the 12-million-bushel export market, threatened to demoralize the whole apple market. The timely purchase of 9.5 million bushels by the Federal Surplus Commodities Corporation stabilized the market. The result was material protection for fruit growers against disastrous prices.

### **3. APPLICATION OF PROGRAM TO NORTHEAST**

A total of more than 200,000 farmers (payees), including landlords and operators in the Northeast, earned gross payments totaling \$14,459,174 for complying with the agricultural conservation program in 1939. There were 50,832 farms on which farmers earned a wheat allotment payment; 22,863 farms on which a potato allotment payment was earned; 5,211 farms on which a tobacco allotment payment was earned; 28,480 farms on which a vegetable allotment payment was earned.

## THE PROGRAM FOR SPECIAL CROPS

The region produces wheat on over a million acres of cropland. Only a part of the wheat is grown as a commercial crop and sold off the farm. A very large number of the farms growing wheat produce less than 10 acres. The program provided that these small growers might grow their usual acreage and not have their farms considered wheat-allotment farms. For this reason the proportion of the wheat acreage, 42 percent, on farms earning an allotment payment in 1939 was less than for other allotment crops.

A very high proportion of the tobacco crop, 66 percent of the region's crop and 91 percent of that of the New England States, was produced on farms earning an allotment payment. The proportion of commercial potatoes grown on farms complying with the potato program was also high, 70 percent. The commercial vegetable percentage was 56.

Table 18 shows the total harvested acreage of wheat, tobacco, commercial potatoes, and commercial vegetables grown on farms complying with the program.

TABLE 18—*Acreages in Northeast Region grown on farms complying with the agricultural conservation program, 1938 and 1939*

Crop	1938	1939	Crop	1938	1939
	<i>Acres</i>	<i>Acres</i>		<i>Acres</i>	<i>Acres</i>
Wheat.....	493,818	516,571	Potatoes.....	272,237	284,946
Tobacco.....	23,566	29,286	Vegetables.....	282,905	325,042

Crop insurance and wheat loans were both offered in the region in 1939. The programs were carried out only in Pennsylvania where, owing to the relatively large noncommercial acreage, the number of participants was low. Fifty-one loans were made on 13,978 bushels of wheat, totaling \$10,174. There were 2,982 crop insurance policies, covering 39,581 acres. Both programs were expanded in 1940.

## SOIL-BUILDING PRACTICES

The soil-building practices are the heart of the agricultural conservation programs for the large majority of farmers in the Northeast. There were 107,655 farms, out of a total of 193,456 farms, complying with the program in 1939 on which no allotments were established. Of the total gross payments, 65 percent were for carrying out soil-building practices. In order of importance on the basis of payments earned by farmers, these practices were liming, seeding, applying superphosphate, planting green manure and cover crops, mulching, applying potash, and forestry practices. Minor practices were carried out for which payments of \$37,278 were made.

Under the program, lime was applied to 1,169,421 acres, superphosphate to 1,161,136 acres, and potash to 189,105 acres. About 1,239,235 acres of seedings and 447,318 acres of green manure and cover crops were planted. Mulching was carried out on 31,524 acres, and forestry practices on 35,471 acres. A total of 1,368,752 tons of lime was applied in 1939, and 205,016 tons of superphosphate were used.

The application of lime and superphosphate is the key to the successful production of clover, alfalfa, and other legumes. The combination of lime, phosphorous, and legumes is basic to the maintenance and conservation of the soil resources of the Northeast.

#### CONSERVATION MATERIALS FURNISHED

Many farmers, because of their low income in earlier years and the low milk prices in the spring of 1939, were not able to purchase these essential conservation materials. To enable such farmers to conserve their soils, a program of furnishing conservation materials was inaugurated in 1938 and expanded in each succeeding year. This program was available in the States and counties where the farmer committeemen decided that it should be offered. The program operated in the following States in 1938: Maine, New Hampshire, Vermont, Connecticut, and one county in Pennsylvania. In addition, in 1939 Pennsylvania offered the program for improving pastures throughout the State, and New York offered lime in the fall of that year.

Table 19 shows the tonnage of lime and superphosphate furnished in 1938 and 1939.

TABLE 19.—*Lime and superphosphate furnished Northeast Region in 1938 and 1939*

State	Liming materials furnished		Superphosphate furnished	
	1938	1939	1938 <sup>1</sup>	1939 <sup>1</sup>
	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>
Maine.....	10,982	27,752	3,606	12,939
New Hampshire.....	963	16,140	2,336	12,200
Vermont.....		20,535	15,526	38,373
Massachusetts.....		15,450		5,442
Rhode Island.....		2,770		619
Connecticut.....	2,232	21,000	836	2,296
New York.....		107,500		
Pennsylvania.....	2,937	32,710	901	20,384
Northeast Region total.....	17,114	243,857	23,205	92,253

<sup>1</sup> 16 percent equivalent.

#### 4. PROGRESS IN THE NORTHEAST REGION

The number of Northeast farms in the program increased from 98,838 in 1936 to 193,456 in 1939. The program started late in 1936 and a relatively small number participated. A substantial increase occurred in 1937. The increase in 1938 was small, because by this time most of the relatively progressive and better-informed farmers were participating in the program. Those not so well aware of the need for conservation and, more important, those not financially able to participate had still not been reached. The furnishing of conservation materials in 1939 made it possible to reach the farmer who needed to be convinced of the benefit of applying lime and superphosphate to his land and the farmer who needed financial assistance to carry on soil conservation. The increase in 1939 can very largely be accounted for by the materials program.

Some of the more significant evidences of the progress made in soil building are illustrated by the increase in the amount of lime ap-



plied, from 383,788 tons in 1936 to 1,368,752 tons in 1939; the increase in the use of superphosphate, from 97,766 tons in 1936 to 205,016 tons in 1939; the increase in the seeding of biennial legumes, from 901,850 acres in 1936 to 1,239,235 acres in 1939; and the increase in the growing of green manure and cover crops from 158,110 acres in 1936 to 447,318 acres in 1939.

A more significant comparison would be obtained by comparing current uses with the use of these practices prior to 1936, the year the program was started, but reliable data for such a comparison are lacking. Such indications as are available show that in 1936 and 1937 the program increased the use of the practices over the preceding years.

Farmers in the Northeast, like farmers generally, have not attained a parity in income with other groups, but for all States except Maine, the purchasing power of farm cash income in 1939 was higher than in the boom year of 1929.

## II. THE PROGRAM IN THE EAST CENTRAL REGION

The agriculture of the North and the agriculture of the South merge in the 7 States of the East Central Region: Delaware, Maryland, Virginia, West Virginia, North Carolina, Kentucky, and Tennessee.

It is a region which, because of tillage since colonial days, varied topography, and diverse crops, presents a complex farm picture. It extends from the flat delta along the Mississippi, through the rolling bluegrass country, across the southern highlands, and into the piedmont, the Coastal Plains, and tidewater country. The one million farms range in size from a few vast plantations in the cotton and horse-breeding sections to the many small subsistence farms of the uplands.

Tobacco is grown in two-thirds of the counties of the region, and about 75 percent of all domestic-grown leaf comes from these States. King Cotton's realm extends out of the deeper South through North Carolina and Tennessee into fringes of Virginia and Kentucky. Wheat is the principal cash crop of Delaware, Maryland, and parts of Virginia. In addition, the region produces cattle, hogs, poultry, dairy products, peanuts, vegetables, fruit, and various minor crops.

### 1. PROBLEMS OF THE REGION

Common to nearly all parts of the region is the problem of excessive cultivated acreage, with its inevitable consequences of soil depletion and erosion on the one hand and lowered farm income on the other. Heavy annual rainfall and the numerous small watersheds are characteristic of the entire area. Removal of much of the original timber from sloping lands and quick run-off of rainfall from unprotected fields have taken heavy toll of topsoil.

For many years, the ratio of the farm population to available cropland has been higher in the East Central Region than in any other region of the country. In the past, there has been opportunity to move to better lands and desert the less-productive land. Large areas, after depletion by row crops and erosion, have been allowed to grow up in weeds and scrub trees or abandoned to gullies.

Under the farm program such lands are being given better treatment. Erosion and soil depletion are being fought with conservation measures, with lime and phosphate, with cover crops, and with better farming methods, including the use of soil-building legumes and grasses.

Acreage allotments, also, have been used to reduce overcropping and to help keep supplies of products balanced with demand, so as to maintain farmers' incomes.

## 2. APPLICATION OF PROGRAM TO REGION

The principal phases of the farm program applicable to the East Central Region in 1939 included acreage allotments, marketing quotas for cotton, and soil-building activities, supported by conservation payments, parity payments, loans, and crop insurance for wheat. Special emphasis was placed on the distribution of conservation materials to farmers cooperating in the agricultural conservation program.

### ADJUSTMENT OF CROPS

Special allotments were established in 1939 for tobacco (except Maryland), cotton, and wheat, and in designated areas for potatoes, peanuts, corn, and vegetables.

Adjustment in the acreage of row crops is the first step in soil conservation and is one of the chief needs for the betterment of agriculture in this region. This adjustment is accomplished by acreage allotments and, in the case of designated crops, by marketing quotas when approved by growers in referendum. Producers voted on 1939 marketing quotas for flue-cured, Burley, and dark types of tobacco, but the majorities (57, 59, and 60 percent, respectively) were less than the two-thirds required to make any of these quotas operative.

A substantial proportion of the flue-cured tobacco growers did not participate in the 1939 program since there were no marketing quotas, and a record crop of flue-cured tobacco resulted. The 1939 production exceeded any previous crop by 33 percent. However, even without marketing quotas, Burley tobacco growers and the growers of dark tobacco harvested 1939 acreages only slightly greater than their acreage allotments.

Marketing quotas were in operation for cotton in 1939 and there was heavy participation in the conservation program by cotton farmers. Wheat growers took part in the program to a greater extent than ever before. Adjustments in connection with these special crops, as well as in the case of commercial corn, peanuts, potatoes and vegetables, made it possible to keep marketings more nearly in line with market demands.

Such adjustments in soil-depleting crops not only improve farm income but also enable farmers to devote a larger proportion of their cropland to soil-building legumes and grasses. Many farmers, notably in the Cotton Belt, also were enabled to devote acreages which formerly produced surpluses to the production of food and feed for home consumption on the farm.

## SOIL-BUILDING ACCOMPLISHMENTS

Notwithstanding smaller participation by farmers in the flue-cured tobacco area, soil-building accomplishments in the region in 1939 were greater than in any previous year. Under the 1939 program, 7,372,000 acres were seeded to legumes and grasses, of which 3,790,000 acres were winter legumes; 2,920,000 acres were put in green manure crops; 5,300 acres were planted to forest trees, and 6,800 acres of forest tree stands were improved; a total of 2,219,000 tons of lime was spread; 289,000 tons of 16 percent (equivalent) superphosphate were used; and about 30 million feet of terraces were built in 1939.

A summary of the principal soil-building practices carried out under the agricultural conservation program in the region during the period 1936-39 is shown in table 20.

TABLE 20.—*Soil-building practices, East Central Region, 1936, 1937, 1938, 1939*

Practice	1936	1937	1938	1939
Seeding legumes and grasses.....acres..	4,890,000	5,448,000	7,489,000	7,372,000
Green-manure crops.....do.....	990,000	2,026,000	2,736,000	2,920,000
Forest practices:				
Planting trees.....do.....	1,900	3,200	5,200	5,300
Improving stands.....do.....		3,700	5,800	6,800
Lime.....tons.....	1,189,000	1,552,000	2,014,000	2,219,000
Superphosphate—in terms of 16 percent material.....do.....	46,700	127,800	234,300	289,000
Terracing.....1,000 ft.....	35,200	24,200	31,800	30,000

During this 4-year period farmers of the region who participated in the program used around 150 trainloads of superphosphate for conservation purposes; they applied about 1,500 trainloads of lime; and they built enough terraces to encircle the earth. They also made outstanding progress in other fundamentally important practices.

## COMPARISONS WITH YEARS PRIOR TO PROGRAMS

For most of the above soil-building practices, information is not available as to the amounts carried out in years before 1936, prior to inauguration of the agricultural conservation programs. It is well known, of course, that large increases have taken place in all of the practices. Before the programs started, little had been accomplished in the way of farm forestry practices, and practically no phosphate had been applied to soil-conserving crops and pasture. Figures are available for comparison in the use of limestone, and the following clearly indicate the effectiveness of the program in promoting the use of this basic soil-building material:

	Total for region (tons)
1933-35 annual average.....	472,000
1936-38 annual average.....	1,594,000
1939.....	2,219,000

Formerly, many of the seedings of soil-conserving crops on land not treated with lime and superphosphate failed or produced poor growth. This was because of plant-food deficiencies in the soil caused by lack of calcium and phosphate. Thus, seedings of grasses and legumes under the program in 1939 not only greatly exceeded those of



years prior to the programs, but a much larger proportion of these seedlings survived because of the use of lime and superphosphate.

It is estimated that the 1939 acreage of cultivated cropland which was protected by winter cover crops was one-third larger than the acreage given such protection in 1936; it was materially larger than in years prior to the conservation programs.

#### MATERIALS IN LIEU OF PAYMENTS

The offering of superphosphate in lieu of cash payment was continued throughout the region in 1939, and limestone was made available on a similar basis in about one-half of the counties. Altogether, totals of 92,000 tons of concentrated superphosphate and 334,000 tons of lime were furnished under these projects. In designated drought counties of Delaware and Maryland, approximately 298,000 pounds of seeds were furnished cooperating farmers under an arrangement which enabled them to replace seedlings that had been lost.

The effectiveness of this plan in stimulating the use of essential conservation materials was further demonstrated during the year not only by the total of the amounts furnished through the conservation materials and services projects, but also by the additional purchases by farmers from commercial sources.

### 3. LOANS, CROP INSURANCE

East Central farmers used both the commodity loan and crop insurance features of the program in 1939. In addition, Government funds were used through purchase and loan arrangements to support prices of the 1939 crops of flue-cured and dark tobacco (see p. 49).

Approximately 2,000 wheat growers used 1939 crop insurance to protect their wheat income. The average premium rate for these farms was  $\frac{5}{10}$  bushel per acre insured. Indemnities totaling \$8,294 were paid to 243 producers for crop losses from unavoidable hazards in 1939.

The number of wheat crop insurance policies in the region for 1940 was 4,333.

### 4. PAYMENTS AND PARTICIPATION

Total conservation payments in the region under the 1939 program amounted to approximately \$36,684,000, about half of which was for carrying out soil-building practices and the remainder for planting within acreage allotments of soil-depleting crops. Cotton parity payments amounted to \$8,523,000, for 359,100 producers; wheat parity payments were \$1,494,500, for 63,700 producers; and corn parity payments (Kentucky) were \$318,100, for 12,600 producers.

Farms totaling 586,000 were covered by the 1939 participation in the agricultural conservation program, representing 76 percent of the region's cropland. Including tenants and sharecroppers, this involved about 900,000 farm families in this phase of the program. Compared with 1938, declines in participation occurred in the principal tobacco-growing sections, particularly in the flue-cured area, following the unfavorable vote on marketing quotas (see p. 48), but these were to some extent offset by gains in other parts of the region. Altogether, the 1939 participation in the East Central Region was about 5 percent

smaller than that of the year before, but it was larger than for any year previous to 1938.

Early in 1940 it became evident that participation in the agricultural conservation program for this year would reach a new peak, not only for the region as a whole but for each State in the region. Table 21 shows participation, by States, for the years 1936 to 1940, inclusive.

TABLE 21.—*East Central Region, participation in agricultural conservation programs, by States*

State	Number of farms participating in program					Percent of total 1940 cropland
	1936	1937	1938	1939	1940	
Delaware.....	2,964	4,382	6,909	7,503	8,000	92
Maryland.....	13,148	14,325	20,924	21,385	22,800	76
Virginia.....	44,906	49,703	81,080	75,941	91,200	80
West Virginia.....	15,253	27,405	39,578	45,634	51,000	83
North Carolina.....	107,559	106,762	171,871	136,304	210,000	88
Kentucky.....	109,044	118,647	157,642	148,610	168,000	89
Tennessee.....	87,315	87,036	151,077	150,717	169,000	90
Total East Central Region.....	380,189	408,260	629,081	586,094	720,000	87

The 1939 program played an important part in helping the farmers of the East Central Region along the road to better farm incomes, greener fields, clearer waters, and more comfortable homes. More widely used than ever before, the program gives sound promise of increased accomplishments in the future.

### III. THE PROGRAM IN THE SOUTHERN REGION

The Southern Region is composed of 9 southern States: Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, South Carolina, and Texas. Because of a wide difference in soil and climatic conditions, the region has a varied agriculture. Cotton is grown in every one of the States of the region. Flue-cured tobacco is grown in portions of South Carolina, Georgia, Florida, and Alabama. Wheat is the principal crop in parts of Texas and Oklahoma, which also have large areas in range land. Most of the Nation's peanuts are grown in Georgia, Florida, Alabama, and Texas, and three of the leading rice-producing States of this country are Louisiana, Arkansas, and Texas. Fruits, nuts, and vegetables are grown commercially in many States of the Southern Region, and most of the national production of naval stores comes from the lowland areas of Georgia, Florida, Alabama, and South Carolina.

#### 1. PROBLEMS OF SOUTHERN FARMERS

The most important problem facing the Southern farmer is that of low income. It is not just a matter of uneven distribution—there is not enough total agricultural income in the South to support the region's extremely dense farm population. In fact, the South has the lowest income of all the major farming regions in the United

States. Its farm population is the most dense; its per capita return from the land is the smallest. In 1939, the average income per person on farms in the United States was \$268; in the Southern Region this average was only \$158, while in the other 39 States it was \$308.

About half of the people in the South live on farms. Many of them, because of low income, are ill-fed, ill-clothed, and ill-housed. In an effort to raise their income, and thus to better their standard of living, Southern farmers began many years ago to increase their acreages of cotton, tobacco, and other "money crops," which, incidentally, were the crops which took the most from the soil.

#### **MORE INCOME BASIC NEED**

This waste of soil fertility through intensive cultivation exacted its toll and gradually edged the farmer into a vicious whirlpool. The eroded and worn-out soil contributed to the farmer's low income; and at the same time, his limited financial means kept him from doing very much toward improving his soil until the A. A. A. program came along to offer some assistance.

Thus, the A. A. A. farm program in the Southern Region is based fundamentally on the need for more income. The program in this region has helped the farmer attack the income problem through payments, acreage adjustment, soil conservation and improvement, increased food and feed production for home use, improved landlord-tenant relations, commodity loans, and the conservation materials program. All of these phases of the A. A. A. program are welded together in an effort to raise farm income.

## **2. APPLICATION OF THE PROGRAM TO THE SOUTH**

As a first step toward increasing income and placing agriculture on a more equal footing with other industries, the A. A. A. provides conservation and parity payments for Southern farmers. These payments are designed to compensate farmers for reducing acreages of cash crops, to assist them in bearing the cost of saving and rebuilding the soil, and to give them an income more nearly in line with parity.

#### **DISTRIBUTION OF PAYMENTS**

Accordingly, farmers in the Southern Region who cooperated in the A. A. A. program in 1939 received a total of \$251,743,000. Of this amount, \$164,290,000 was in conservation payments, of which \$27,014,000 was earned through carrying out approved soil-building practices. The remainder of the A. A. A. payments, \$87,453,000, came from price adjustment payments on cotton, wheat, and rice, which were made to cooperating farmers to help raise their income nearer parity levels. (See table 22.)



TABLE 22.—A. A. A. payments by States, Southern Region, 1939 program

State	Conservation payments	Price adjustment payments	Total payments
Alabama.....	\$16,181,000	\$8,931,000	\$25,112,000
Arkansas.....	15,840,000	9,357,000	25,197,000
Florida.....	3,034,000	230,000	3,264,000
Georgia.....	14,854,000	8,284,000	23,138,000
Louisiana.....	9,312,000	5,957,000	15,269,000
Mississippi.....	19,844,000	12,436,000	32,280,000
Oklahoma.....	17,202,000	7,955,000	25,157,000
South Carolina.....	9,462,000	5,669,000	15,131,000
Texas.....	58,561,000	28,634,000	87,195,000
Total, Southern Region.....	164,290,000	87,453,000	251,743,000

## ACREAGE ADJUSTMENT

Acreage adjustment was from the start, and continued to be in 1939, a necessary part of the farm program. In the first place, farmers were producing excessive supplies of certain commodities, and this was driving prices down below production costs. The A. A. A. program provided for acreage reduction for crops of which there were already too great surpluses, with the result that farmers could grow adequate supplies to meet the market demand—and provide reasonable reserves—on smaller acreages and at less cost per unit. And by holding supplies more nearly in line with demand they could receive better prices for their crops.

For example, Southern farmers in 1932 planted 36,500,000 acres to cotton and produced 13,000,000 bales which they sold for \$464,442,000. In 1939, they planted only 24,700,000 acres to cotton and produced 11,800,000 bales, which returned them \$615,416,000 exclusive of Government payments. Cotton income in 1939, including payments, totaled \$830,428,000. The reduced acreage of soil-depleting crops in the Southern Region in 1939 not only had the effect of stabilizing prices for products upon which farmers depended for their cash income, but it also encouraged soil conservation on that portion of their land less suited to the production of cash crops.

## SOIL CONSERVATION AND IMPROVEMENT

One of the greatest handicaps of the Southern farmer, in his efforts to improve his income, has been poor soil. Most of the farm land in the South is rolling or hilly, and for many years the valuable topsoil has been washing and, in dry areas, blowing away. In addition, the plant food has been drained from much of this soil through years of continuous row cropping—chiefly with soil-depleting cotton.

The need for terracing and other practices which hold the soil in place, and for the planting of such crops as legumes which return plant food to the soil, was quickly recognized and made a part of the A. A. A. program.

Payments under the 1939 Agricultural Conservation Program helped farmers of the Southern Region to carry out approved, locally adapted soil-building practices on their farms. These practices varied from State to State, and, in some cases, from county to county and farm to farm. However, the most widely used practices for

which Southern farmers received A. A. A. assistance in 1939 included terracing; planting of winter and summer legumes; application of limestone, superphosphate, and basic slag; establishment of permanent pastures; green manure practices; planting forest trees; growing home gardens; construction of dams and reservoirs; contour farming; and strip cropping.

The region's 1939 payments for soil-building practices, by States, are shown in table 23.

TABLE 23.—1939 payments for soil-building practices, by States, Southern Region

State	1939 soil-building payments earned	State	1939 soil-building payments earned
Alabama.....	\$3, 830, 000	Oklahoma.....	\$1, 331, 000
Arkansas.....	3, 425, 000	South Carolina.....	2, 196, 000
Florida.....	1, 825, 000	Texas.....	5, 422, 000
Georgia.....	3, 704, 000		
Louisiana.....	1, 748, 000	Total Southern Region.....	27, 014, 000
Mississippi.....	3, 532, 000		

### HOME FOOD AND FEED PRODUCTION

The production of food and feed for home use has an important bearing on the Southern farmer's income. If a farmer is forced to buy corn and hay for his livestock and many items of food which he could and should produce on the farm, he cuts down his net cash income considerably.

The 1935 farm census shows that, in the nine States of the Southern Region, there were more than 600,000 farms without a milk cow, 800,000 without hogs, 300,000 farms without chickens, and more than a million and a half farms without any plowable pasture. On many of these farms, cash income was too low to permit the purchase of other than the barest necessities. The fact that these farms were without cows, hogs, and chickens meant, then, that the people were doing without milk, eggs, and other foods vital to a well-balanced diet.

The A. A. A. program has done much to remedy this situation on Southern farms. The 1939 cotton acreage under the program was approximately 16¾ million acres less than the 5-year average preceding the A. A. A. This meant the release of both land and labor for the production of food and feed crops. Pasture improvement, making possible a larger production of meat and dairy products for home consumption, was one of the main practices for which soil-building payments were earned. Many of the crops which were produced on land formerly planted to cotton and other soil-depleting crops were useful in two ways—they provided livestock feed and at the same time improved the soil.

### 3. RANGE CONSERVATION

In the areas of Texas and Oklahoma where ranching is the leading form of agriculture, the program is adapted to the conservation of range lands. Under the 1939 Range Conservation Program, ranch-

ers in Texas and Oklahoma received a total of \$6,240,000 for carrying out approved, locally adapted range-building practices. The program was not applicable to other parts of the Southern Region.

The principal practices carried out under this program were deferred grazing and the construction of tanks, spreader dams, and other moisture-saving devices, since scarcity of rainfall is the main problem in the range area. Range conservation payments earned by Texas ranchers totaled \$5,823,000, and by Oklahoma ranchers, \$417,000.

#### 4. IMPROVED LANDLORD-TENANT RELATIONS

About 60 percent of all farmers in the Southern Region are tenants, the percentage of tenancy being higher in the South than in any other section. Records show that about 40 percent of the tenant families in the South move every year. This instability of land tenure discourages soil conservation and other practices which make for good farming.

The A. A. A. program has helped the tenancy situation, both directly and indirectly. The program guarantees the tenant a share of the payments in the same proportion as he shares in the crop. In addition, he is allowed to earn full soil-building payments for himself if he furnishes all the labor and materials used in carrying out these practices.

The soil-building program, in itself, has tended to bring about better relations between tenants and landlords, because conservation practices help both. The tenant receives the financial assistance provided for soil-building if he carries out approved soil-building practices and, if he remains on the farm more than 1 year, begins to reap the indirect benefit from working an improved farm. The landlord benefits because he has a better farm as a result of soil-building practices carried out by the tenant. It is to the landlord's advantage to keep on his farm a tenant who believes in conserving and building the soil.

#### 5. CONSERVATION MATERIALS PROGRAM

Farmers in general are becoming conservation-minded. They realize now, more than ever before, that it is necessary to take care of the land if they expect the land to continue to take care of them. But many of the soil-building practices, such as seeding legumes and applying lime and superphosphate, require a cash outlay for purchase of materials.

To encourage greater conservation among farmers who lack the necessary cash, the A. A. A. inaugurated a plan in 1937 under which the Administration advances conservation materials needed by the farmer to carry out approved conservation practices and the cost of the materials is later deducted from the farmer's payment.

This program has been expanded each year, until in 1939 farmers in the Southern Region received in lieu of cash conservation payments 95,000 tons of liming materials; 10,000 tons of superphosphate; and 654,000 pounds of winter cover crop seed.



## 6. PARTICIPATION

The year 1939 saw the largest participation by farmers of the Southern Region in the 7 years of the A. A. A. program. A total of 2,443,880 farmers in the region participated in one or more phases of the program. These farmers operated nine-tenths of all the cropland in the region. It indicated an acceptance, wider than ever before, of the value of farm solidarity in solving the agricultural problems of the South.

## IV. THE PROGRAM IN THE NORTH CENTRAL REGION

The North Central Region is composed of 10 States: Ohio, Indiana, Michigan, Illinois, Minnesota, Wisconsin, Iowa, Missouri, South Dakota, and Nebraska. Its agricultural welfare depends mainly on corn and livestock—particularly on income from hogs.

### 1. PROBLEMS OF THE REGION

In view of their dependence on corn and hogs, farmers of the region were in straitened circumstances when the huge corn crops of 1937 and 1938 were followed by an expansion of hog production far beyond consumer needs. Their problem in 1939 was to maintain corn prices at a level that would bring an adequate return in the areas where corn is produced as a cash crop and at the same time would bring hog prices back near the parity level. Through the early part of 1939, hog prices remained fairly satisfactory, but, following a brief war boom in the fall, the market broke in the early winter.

Corn is fed not only to hogs in the North Central Region, but also to beef cattle bred largely on the western range and shipped into the Corn Belt as feeders, and to dairy cattle particularly in the northern States adjoining the Great Lakes.

To a greater extent than some other areas, the North Central Region is dependent upon high consumer purchasing power, since several of its chief products—notably pork, dairy products, and beef—are among those for which demand varies considerably in accordance with general economic conditions.

### A REGION OF VARIED CROPS

Most farms in the North Central Region grow some wheat, too, and wheat is more important than hogs as a source of income in western Nebraska and South Dakota, and in northwestern Minnesota. Sugar beets are grown extensively in Michigan and in Nebraska. Missouri contains one of the Nation's highest yielding cotton areas. Tobacco is grown on many farms in the area adjoining the Ohio River. Michigan is among the leading States in the production of commercial fruits. Soybeans have in recent years become one of the principal cash crops of the region, which produces about 90 percent of the Nation's supply of this versatile crop, most of it in Illinois, Indiana, Iowa, and Ohio.

The region has to some extent most of the farm problems to be found anywhere in the United States. It contains a large area characterized by small general farms, on which the chief need is increased

income. It has large commercial farms, whose profits depend chiefly on domestic and export demand for food products. It has, too, a substantial portion of the Nation's extreme-drought area, where sub-normal moisture has for several years jeopardized farming as a livelihood and made soil erosion an ever-increasing danger.

## 2. PARTICIPATION AND PAYMENTS

Participation in the 1939 farm program by North Central farmers was the largest in the history of the A. A. A. More than 70 percent of the farmers in the region participated, and about 77 percent of the cropland was farmed in accordance with the program.

Applications for payment were filed for 1.4 million of the approximately 2 million farms in the region. Total acreage of the cropland on application farms was more than 137 million acres. Payments were made to about 1.6 million payees.

Gross payments to farmers amounted to more than \$190,000,000, including increases for small payments. Except for these increases, this amount was divided as follows: Corn adjustment, \$81,450,000; wheat adjustment \$22,900,000; potato adjustment, \$1,250,000; cotton adjustment, \$2,350,000; adjustment of general soil-depleting crops, \$38,400,000; soil-building practices, \$26,200,000; range conservation, \$1,450,000.

### PARTICIPATION IN 1940

In the spring of 1940 the North Central Region conducted its annual sign-up, in which farmers who planned to participate in the year's program filled out and signed the Farm Plan for Participation. Relatively high prices and the anticipation of a war boom led many persons to predict a decline in participation in the farm program. That did not occur; about the same number of farm plans were signed as in the previous year.

Table 24 shows a comparison of sign-ups for participation in the region for 1939 and 1940, showing in each case the number of farm plans signed and the percentage of cropland signed to participate.

TABLE 24.—Data on sign-ups in North Central Region for 1939 and 1940

State	1939			1940		
	Number farm plans signed	Percent-age of all farms	Percent-age of crop-land	Number farm plans signed	Percent-age of all farms	Percent-age of crop-land
Illinois.....	179,607	66	77	166,691	63	73
Indiana.....	138,681	63	73	140,445	64	72
Iowa.....	192,835	84	90	180,716	80	84
Michigan.....	155,842	75	79	145,220	69	74
Minnesota.....	180,862	81	88	178,445	80	87
Missouri.....	205,717	72	79	213,265	74	82
Nebraska.....	123,717	72	81	124,915	83	88
Ohio.....	154,976	59	71	167,045	65	68
South Dakota.....	110,249	87	94	109,625	93	95
Wisconsin.....	177,938	88	92	173,520	87	90
North Central Region.....	1,620,424	74	83	1,599,887	74	82

### 3. THE PROGRAM FOR PRINCIPAL CROPS

Corn is, of course, the chief commodity affected by the A. A. A. program in the North Central Region. Of the 586 counties in the commercial corn area all except 33 were in the North Central Region. As a contribution to stabilizing the Nation's feed grain and livestock supplies, commercial corn farmers of the region in 1939 made an estimated adjustment in their corn acreage of about 17 percent from the 1928-32 average. Most of the 300 million bushels of corn that were placed under loan in the Nation were in the North Central Region. To accommodate this needed feed reserve, farmers are estimated to have increased farm storage facilities at least 50 percent.

About half of this country's wheat growers and a third of the wheat acreage are in the North Central Region. These farmers joined with others of the Nation in making the substantial adjustment in wheat acreage that was so necessary in 1939, reducing their acreage about 27 percent from 1938. Almost 16 million bushels of wheat were placed under loan in the region in 1939.

The crop insurance program for wheat has likewise been of great value in this area, especially since Nebraska and South Dakota are among the States in which wheat production has been the most hazardous in recent years. In the 10 States of the North Central Region, 93,000 crop insurance contracts were written in 1939. Farmers paid in more than 2 million bushels of wheat in premiums and collected about 4.5 million bushels in payment of their losses.

More than 28,000 farmers of the North Central Region participated in the 1939 sugar program. These were principally in the irrigated areas of western Nebraska and in Michigan. They earned payments exceeding \$5,000,000 for adjusting sugar acreage to the domestic production quota and for carrying out approved soil-building practices.

Except in particular local areas, other crops are of minor importance in the North Central Region. Among the other programs in which farmers participated in 1939 were: Cotton, in Missouri and Illinois; tobacco, in Ohio, Missouri, Minnesota, Indiana, Illinois, and Wisconsin; potatoes, in all States except Illinois and Iowa; and commercial vegetables in all States except Nebraska and South Dakota.

### 4. SOIL-BUILDING PRACTICES

With its provisions for increased acreages of soil-building legumes, the 1939 farm program was ideally adapted to the soil-building needs of the North Central Region. Most of the States of the region are able to get good stands of these legumes and the acreage has greatly increased under the program. In 1939 the alfalfa acreage of the region was more than double the 1928-32 average acreage of this crop.

In the western part of the region, where persistent drought has made it difficult to obtain stands of grasses and legumes, popular soil-building practices are those relating to summer fallow, by means of which farmers in semiarid regions make maximum use of the small amount of moisture available.

Tree-planting is popular as a soil-building practice throughout the region. Large quantities of ground limestone and, to a lesser extent, phosphate material, are applied under the soil-building phase of the program.



### CONSERVATION MATERIALS USED

Encouragement of the application of limestone and phosphate through the conservation materials program, under which conservation materials are furnished to farmers in lieu of A. A. A. payments, was started on an experimental basis in the North Central Region in 1939. The program was used only in counties in the States of Indiana and Ohio, but its reception was so favorable that it was greatly expanded for 1940.

This program is particularly adapted to the small farm areas of southern Ohio, Indiana, Missouri, and Illinois, where soil is less fertile than in other parts of the region and where low incomes in the past have made the regular application of plant-food elements virtually impossible.

About 600 tons of 48 percent superphosphate were furnished as a conservation material in the North Central Region in 1939. For 1940 the area where conservation materials were available was enlarged to include 359 counties in six States and amounts of material furnished were increased manyfold.

### 5. RANGE PROGRAM

In western Nebraska and South Dakota lies some of the Nation's best grazing land. Relatively high cattle prices and low acreages of cultivated crops have enabled these areas to survive recent droughts to better advantage than the corn-hog and general farming areas of the same States. At the same time, the range program has fitted the needs of this section.

In the 43 counties of Nebraska and the 34 counties of South Dakota in which ranching is the chief occupation, 8,769 ranchmen, operating more than 24 million acres of range land, participated in the range conservation program in 1939. This is an increase of almost 6 percent over range program participation in the same States in 1938. Ranchmen earned \$1,550,000 for carrying out approved range-building practices in 1939.

Outstanding among the accomplishments were the restoration of more than 2 million acres of depleted pasture by deferred grazing on more than 6,000 ranches, and the development of stock watering places by the construction of reservoirs and tanks on about 5,000 ranches.

## V. THE PROGRAM IN THE WESTERN REGION

In the administration of the A. A. A., 13 States are grouped in the Western Region. These are: Arizona, California, Colorado, Idaho, Kansas, Montana, Nevada, New Mexico, North Dakota, Oregon, Utah, Washington, and Wyoming. The region is less thickly populated than other agricultural sections of the country, and its average farm and ranch units are much larger. Wheat and range livestock are the region's most important agricultural products, although almost all varieties of United States crops are grown in the 13 States.

## 1. A COMPLEX FARM REGION

The wide variations of climate, topography, and altitude, the irrigated lands and specialized farming areas, the vast grazing lands, and the recent frontier status of the entire country distinguish the Western Region from the other major agricultural regions. A large part of the area is deficient in rainfall, making careful conservation of water and grass an economic necessity. The task of fitting a general program of agricultural adjustment to such a region, meeting the problems of soil conservation and range protection and the needs of a great variety of crops from Kansas to California, is extremely complex and requires the utmost in cooperative effort on the part of the region's farm people.

The region has 103 million acres of cropland and more than 236 million acres of range land. It is estimated that 735,000 farms are in the area. About 57 percent of these farms participated in the 1939 A. A. A. program. The participation covered 63 percent of the farm land, 74 percent of the cropland, and 45 percent of the range land.

## 2. APPLICATION OF PROGRAM TO THE REGION

Phases of the program applicable to the Western Region in 1939 included soil-building practices and acreage allotments, range conservation practices, payments to cooperators, crop insurance, commodity loans, the restoration land program, and the sugar program.

### SOIL-BUILDING PRACTICES

Soil-building practices were carried out on nearly 25 million acres of Western Region farm land in 1939. Erosion-control and water-conservation practices, not including dams, ditches, and terraces, accounted for nearly 11.5 million acres of that total. About 350,000 farms—80 percent of all participating farms—carried out practices. Payments earned for carrying out these practices totaled about \$17,000,000.

Seeding of legumes and grasses, the most important single soil-building practice in the region, was carried out on nearly 100,000 farms, and 2,430,000 acres were seeded. More than 17 percent of the soil-building payments was earned for this practice.

Seeding alfalfa was the next most important practice from the standpoint of the money earned. Sixteen percent of the soil-building payments was paid out for this practice. A total of 1,118,000 acres of alfalfa was seeded on nearly 91,000 farms.

The practice of seeding green manure and cover crops was carried out on 1,902,000 acres on 68,000 farms. Nearly 14 percent of the soil-building money was paid out for this practice. In addition, approximately 2,000,000 acres were protected by leaving the stalks of sorghum and Sudan grass or natural vegetative cover or small-grain stubble on land.

An important development under the program has been the increase in perennial grasses, particularly crested wheatgrass. In 1939, totals of 280,000 acres in Montana and 177,000 acres in North Dakota were seeded to perennial grasses, mostly crested wheat. During the first years of the program good seed was scarce and high in price, but in recent years seed supplies have been greatly increased. This fact, together with the demonstrated value of crested wheatgrass as a pas-

ture and hay crop in areas of high altitude and low rainfall, contributed to the large increase in seedings of this grass in 1939 and 1940.

#### ACREAGE ALLOTMENTS

Allotments were established for about 663,000 work-sheet farms in the Western Region in 1939, including allotments for wheat, cotton, potatoes, commercial vegetables, corn, tobacco, rice, sugar beets, restoration land, and general soil-depleting crops.

The percentage of the total allotment for each crop represented by the allotments on farms on which a payment was earned under the program indicates the extent of participation for that crop. About 73 percent of the total soil-depleting crop allotment in the Western Region was on participating farms, and 80 percent of the wheat allotment, 96 percent of the cotton, 73 percent of the potato, 48 percent of the commercial vegetable, 46 percent of the corn, 61 percent of the tobacco, 91 percent of the rice allotment, and 71 percent of the sugar beet quota were represented by the allotments on participating farms. The percentage of participation in 1939 was considerably higher than in 1938.

For the region as a whole, 55 percent of the cropland was in soil-depleting crops in 1939, and 45 percent was devoted to nondepleting uses.

Actual plantings by Western Region farmers who cooperated in the 1939 program averaged less than the allotments established for their farms, amounting to 89 percent of the allotment for wheat; 82 percent for cotton; 81 percent for potatoes; 67 percent for commercial vegetables; 79 percent for corn; 73 percent for tobacco; 92 percent for rice; and 78 percent for general crops.

#### RANGE CONSERVATION

A total of 15,000 ranchmen controlling 106,097,000 acres of range land and 784,000 acres of mountain meadow qualified for payments under the 1939 range program in the Western Region. The total grazing capacity for the area was 2,805,000 animal units.

Of the range-building practices offered under the program, those contributing to improved distribution of livestock over the grazing area have been emphasized since the beginning of the program. In the Western Region, more than 70,000 stock water developments have been constructed under the provisions of the program since 1936. Nearly 14,000 of these were built under the 1939 program.

The practice of natural reseeding by deferred grazing was carried out on 16 percent of the participating acreage, as compared with 25 percent of the range land which was eligible for this practice.

In addition to the natural reseeding of 16,924,000 acres by deferred grazing, 239,000 acres of range and mountain meadow were reseeded by artificial means in 1939.

#### RESTORATION LAND

As part of the program to return to grass land not suited for cultivation, the program provides for the designation of such land as "restoration land." Operators of farms on which restoration land has been designated may earn a payment for permitting and aiding the land to restore a vegetative cover. This program is operated in



six States of the Western Region, namely, Colorado, Kansas, Montana, New Mexico, North Dakota, and Wyoming.

A total of 2,251,000 acres of restoration land was designated on worksheet farms in the Western Region in 1939. Of this total, 2,015,000 acres were on the 24,000 application farms, averaging 84 acres to the farm.

#### CONSERVATION PAYMENTS

Farmers in the Western Region earned conservation payments amounting to \$89,429,000 under the 1939 program. Soil-building payments made up about \$17,000,000. Payments for complying with wheat acreage allotments totaled nearly \$45,000,000.

A total of 532,000 persons received farm and range conservation payments in the region. The average-sized payment was \$168. Payments for carrying out range-building practices in the region totaled \$4,355,000.

#### PARITY PAYMENTS

In 1939, Western Region parity payments on wheat, cotton, rice, and corn totaled \$36,000,000. Parity payments by commodities were as follows: Wheat, \$28,429,000; cotton, \$5,796,000; rice, \$355,000; and corn, \$1,515,000.

The average size of the parity payments ranged from \$32 for corn to \$381 for rice; the average payment was \$64 for wheat, and \$270 for cotton.

### 3. CROP INSURANCE

More than 55,000 crop insurance policies covering 1939 wheat were issued to farmers in the Western Region. The insurance applied to 4,138,000 acres, or 14 percent of the 1939 wheat allotment. A total production of 32,712,000 bushels was guaranteed. Claims for losses were made by about 20,000 farmers, representing 36 percent of the policies, and indemnities totaling 4,970,000 bushels were paid. The losses exceeded the premiums by 29 percent.

A substantial increase in coverage was noted for the 1940 crop. Contracts totaling 117,000 were approved in the region. These covered 6,829,000 acres, or 21 percent of the 1940 wheat allotment. An estimated total production of 57,187,000 bushels was insured.

### 4. COMMODITY LOANS

Of the 73,000 loans made under the 1938 wheat loan program, nearly 45,000 were made in the Western Region, and of the 85 million bushels under loan throughout the Nation, 65 million bushels were in 11 States of the Western Region. Arizona and Nevada made no loans.

In 1939, the same 11 States had 119,000 loans on 101 million bushels of wheat. The Western Region put 14 percent of the 1938 crop and 27 percent of the 1939 crop under loan, as compared with a national percentage of 9 percent in 1938, and 22 percent in 1939.

The number of farm loans in the Western Region increased from 12,000 in 1938 to nearly 21,000 in 1939. Warehouse loans also increased, going from 33,000 in 1938 to more than 98,000 in 1939. Most of the increase in the farm storage loans was in North Dakota, Montana, and Kansas.

The average loan rate to farmers in the Western Region was 52 cents a bushel in 1938 and 63 cents in 1939.

Corn loans were made in two Western Region States in 1939, Kansas and North Dakota. Corn loans totaling 1,639 were made, and about 1,250,000 bushels were stored in the two States. All but 78,000 bushels of this stored corn was in Kansas.

In 1939, rye loans amounting to 1,464 were made in two Western Region States. North Dakota had 1,405 loans on 830,000 bushels, and Montana had 59 loans on 56,000 bushels.

#### 5. THE SUGAR PROGRAM

The Western Region's sugar beet acreage planted in 1939 was 633,000 acres. Colorado and California together accounted for more than half the production.

The region had 43,000 growers, and of these, 29,000 filed applications for payments totaling nearly \$16,100,000. The payments, made for carrying out conservation practices, for meeting labor provisions of the program, and for complying with the acreage allotments, covered nearly 27 million hundredweights of sugar produced by the applicants.

Approved farming practices were carried out on more than 1,377,000 acres by sugar producers of the region. The maintenance of legumes and grasses was the most widely used practice, with more than 543,000 acres being maintained on nearly 23,000 farms. The next most widely used practice was the application of barnyard manure, and third, the seeding of alfalfa.

Sugar beet payments averaged about \$371 per farm for the region.

## CHAPTER 6

# THE SUGAR PROGRAM

### I. DEVELOPMENTS IN 1939-40

The most important development in the domestic sugar situation during the year was the suspension of the sugar program on September 11, 1939, and its subsequent reinstatement on December 26 of the same year, by Presidential proclamations. The President's action in suspending sugar quotas, taken under the emergency powers conferred by the Sugar Act of 1937, was made necessary by the repercussions in the United States sugar market from the outbreak of hostilities in Europe at the beginning of September.

#### EVENTS LEADING TO QUOTA SUSPENSION

When the war began, many buyers, confronted with an abrupt rise in sugar price quotations and remembering the brief period of high prices and limited sugar supplies following the first World War, started a Nation-wide wave of sugar buying. This, coupled with speculative activity and other factors, raised the price of raw sugar, duty-free New York basis, from \$2.93 on August 31 to \$3.86 per hundredweight on September 6, and the wholesale price of refined sugar from \$4.31 to \$5.63 per hundredweight in the same period. However, mainly because of large advance sales in the spring by domestic producers of refined sugar who were under long-term contracts, growers received little benefit from this rapid price advance under their participating arrangement with processors.

During the month of September 1939, a record total of 1,200,544 tons of sugar (compared with an average of 630,159 tons in September of the years 1935 to 1938) was distributed to consumers. This buying rush made great inroads on refined sugar stocks throughout the country and in many cases apparently made holders of sugar unwilling to make deliveries in anticipation of rising inventory values. The Department of Agriculture received communications from all parts of the United States protesting the inability of buyers to purchase or obtain delivery of sugar. The President and the Secretary of Agriculture called public attention to the fact that the Ever-Normal Granary feature of the Sugar Act had permitted the accumulation of reserve sugar supplies ample for all emergency requirements.

In proclaiming suspension of sugar quotas, the President made the following statement:

I have issued a proclamation today temporarily suspending marketing quotas on sugar as an emergency measure required under provisions of the Sugar Act of 1937.



This suspension was made necessary by increased world demand for sugar as a result of the outbreak of war in Europe, extraordinary purchases of sugar by consumers, and apparent speculative activity. Many consumers, presumably, have been purchasing sugar with the view of holding it in reserve against the possibility of a lengthy war and some speculators and other holders have apparently taken advantage of this situation to advance prices rapidly and capture windfall profits.

The continuance of quota restrictions under the Sugar Act would, of course, place a restraint on the marketing of sugar produced this year in beet sugar producing States and in Louisiana and Florida.

A great number of complaints have been made within the past few days that quota restrictions on sugar marketing are making it difficult and costly for housewives and industrial users to get enough sugar to supply domestic needs.

Sugar quotas first became effective in 1934 with the passage of the Jones-Costigan Act. Under peacetime conditions the quota system protected producers of sugar but made ample supplies of the product available at reasonable prices to consumers. Of necessity, however, the quota system meant certain restrictions. Suspension of quotas removes all these restrictions.

It should be kept in mind that, under the law, quotas may be reinstated if such step becomes necessary for the welfare of sugar producers.

It should also be noted that domestic sugar producers will continue to receive payments under the 1939 conditional payment program now in effect. Producers will, of course, understand that under provisions of the Sugar Act it should not be assumed that payments can be made with respect to future crops so long as quotas must be continued in suspension. Nor should anyone assume that increased acreage planted under the stimulus of war conditions can be made permanent for purposes of determining future allotments.

#### DISTRIBUTION EXCEEDED ESTIMATED REQUIREMENTS

It should be noted that at the time quotas were suspended the estimate of consumers' requirements, established by the Secretary on March 30, 1939, was 6,755,386 tons, a reduction from the initial estimate of 6,832,157 tons made on December 23, 1938. The Department's estimate for 1939 was severely criticized by some interested persons during the entire year prior to suspension of the program as making available excessive supplies of sugar to consumers. However, the actual sugar distribution for consumption for the calendar year 1939 amounted to 6,870,491 tons.

Some domestic sugar producers appeared to fear that the quota suspension would permit Cuba to flood the United States market with sugar. However, the mandatory increase in the duty on Cuban sugar from \$0.90 to \$1.50 per hundredweight (under the provisions of the Reciprocal Trade Agreement with Cuba) immediately after the lifting of sugar marketing limitations, greatly reduced marketings of Cuban sugar until December 26, 1939, when the President's announcement of reinstatement of the quota system was followed by a return of the duty on Cuban sugar to \$0.90. Cuban producers were then able to fill their former quota within about 2,000 tons. Domestic areas, on the other hand, were able to dispose of their carry-over stocks, the continental beet area exceeding its 1939 quota by 243,000 tons, the mainland cane area by 162,000 tons, Hawaii by 18,000 tons, and Puerto Rico by 319,000 tons, a grand total of 742,000 tons. To the extent that domestic producers were able to dispose of these carry-over stocks at relatively favorable prices, the need for subsequent acreage adjustment was accordingly lessened.

## THE SUGAR LEGISLATION

Hearings on proposed sugar legislation were held by the House Committee on Agriculture on April 10, 11, and 12, 1940. At that time 17 sugar bills were pending before the Committee, and Congress was expected to adjourn shortly. Since the quota provisions of the Sugar Act of 1937 were due to expire on December 31, 1940—that is, before the Congress would normally meet again, and since experience had taught producers to fear any break in the Federal sugar program, immediate legislative action was desired.

The sugar hearings failed to produce any agreement between the various parts of the domestic sugar industry. On April 11, President Roosevelt wrote to Chairman Marvin Jones of the House Committee on Agriculture, stating that he felt legislative action was not necessarily needed at that time, but that it might be advisable to continue the present Sugar Act for an additional period. The President's letter follows:

THE WHITE HOUSE,  
*Washington, D. C., April 11, 1940.*

DEAR MR. CHAIRMAN: Reference is made to your recent letters to the Departments of State, Interior, and Agriculture, requesting comments on the various bills with respect to sugar which were introduced in the Seventy-sixth Congress and are now pending before the House Committee on Agriculture. In accordance with your request, and since your Committee is now holding public hearings on these measures, it is believed that you may wish to have at this time a summary of our views on the basic issues of public policy which are involved in this group of bills.

In reviewing the present sugar situation I have been gratified to note the great improvement in conditions that has taken place since the adoption of the sugar program 6 years ago. Domestic sugar producers are fortunately receiving incomes at approximately the parity level, and they are enjoying a large volume of production. The losses of sugar processors in the years preceding the program have been converted into profits; child labor has been greatly reduced; wages and working conditions for labor have been improved; and there has been brought about an important and greatly needed recovery in the market for our surplus products in the foreign countries from which sugar is imported into the United States. Furthermore, the world price of sugar has increased substantially.

I also find that under the existing provisions of the Sugar Act of 1937, domestic sugar producers and processors will receive price protection through the quota system for the full calendar year of 1940, and that domestic sugar beet and sugarcane growers will receive benefit payments on their 1940 crops even though the marketings of the sugar may extend well over into 1941. The seaboard cane sugar refiners are protected for an indefinite period against competition of Philippine refiners under terms of the Philippine Independence Act, and they will continue to enjoy quota protection from the competition of Cuban refiners for the full calendar year of 1940. The tax on sugar will remain until July 1, 1941. Consequently, it seems clear that no sugar legislation is necessarily required at this session of the Congress although it might be advisable to extend the life of the Sugar Act of 1937 for an additional period through a joint resolution of the Congress.

In considering the questions raised by these bills, I find myself again confronted with the fact that the basic problem of good government inherent in sugar legislation is to balance, practically and fairly, the directly conflicting interests of the various groups of American citizens concerned; the producers of sugar and the producers of export commodities, the farmers and the processors, the employers and labor, and the industry as a whole and consumers and taxpayers. These requirements of the general welfare indicate that at

least three fundamental aspects of the major bills on sugar now pending before the House Committee on Agriculture should be given special consideration:

In the first place, several of the proposals would unavoidably bring about an impairment of the export market for surplus American agricultural and industrial products, and they would do so at a time when increased export outlets are so greatly needed. It is to be regretted that each increased acre of domestic sugar beet and sugarcane production inevitably results in a contraction of our export markets in an amount equal to the value of the product of several acres of our principal agricultural crops. A decrease in sugar imports would, therefore, require an unnecessary and painful readjustment and contraction in our production of export commodities. It would also injure the economic status of other American republics, to which we must look in increasing degree for enlarged outlets for the products of our own labor, land, and factories. It would strike a serious blow, particularly at the foreign marketing of such important surplus farm commodities of the United States as corn-hog products, rice, wheat, and cotton.

In the second place, some of these bills would discard the established basis of distribution of quotas among the various sugar-producing areas that was carefully developed by the Congress after considerable labor. In its report to the Congress in 1937, your committee stated that the quotas had been arrived at "after careful consideration of the history of production in each area and its present and future capacity to market." I believe that we all appreciate readily the natural desire of each producing area to enlarge its share of the market, but it would be most difficult to justify an abandonment of the existing distribution of quotas in favor of a new and arbitrary basis of allotments. It is also clear that a reshuffling of domestic quotas so as to discriminate against producers in the domestic insular areas would, under the special circumstances, hardly be a conscionable procedure. The people of the Territory of Hawaii and the possessions of Puerto Rico and the Virgin Islands are American citizens who compose some of those minority groups in our population with local governments that lack the protections of statehood. If this circumstance were not given adequate consideration, it would be possible to destroy by legislation the livelihood of our citizens in the insular parts of the United States through the enactment of discriminatory prohibitions against their products; and they would possess no legal power to take counter measures in self-defense. Such a course of action, as I have pointed out on a previous occasion, would be tantamount to an imperialistic classification of citizens and a tyrannical abuse of minority rights that is utterly contrary to the American concept of fairness and democracy. Among the cases in point is the proposal to reinstate the former discrimination against the refining of sugar in the insular parts of the United States.

In the third place, the bills submitted to your committee include a proposal that would sacrifice the protection afforded consumers under existing legislation and substitute a sugar price standard requiring a reduction in total quota supplies to consumers to a point that would enhance sugar prices beyond the level required to give a majority of producers full parity returns. One of the principal objectives of the sugar program is to assure producers and others fair and reasonable incomes; but after that has been done, further increases in price would place an excessive burden of public protection for the sugar industry as a whole on agriculture, industry, consumers, and taxpayers.

Under the existing circumstances, with sugar producers enjoying approximately a parity level of income and a large volume of production, with labor being benefited by improved wages and working conditions, with sugar processors making substantial profits, and with a gratifying increase in our exports to foreign sugar-producing countries, I am confident that the House Committee on Agriculture will not recommend any bill that would impair the foreign outlets for our surplus products, run counter to the good-neighbor policy, discrimi-



nate among various groups of domestic producers and processors, or increase the burden on our consumers and taxpayers.

Very sincerely yours,

FRANKLIN D. ROOSEVELT

HONORABLE MARVIN JONES,  
*Chairman, Committee on Agriculture,  
House of Representatives,  
Washington, D. C.*

Sometime later the House Agriculture Committee reported favorably on a resolution continuing the present act. It rejected an amendment to reinstate the former limitations on Hawaiian and Puerto Rican direct-consumption sugar, which the Administration had continuously and strongly opposed as discriminating against insular parts of the United States. These restrictions, which had expired on February 29, 1940, were subsequently reinstated in the bill by the House. The continuing resolution (known as Public, No. 860, 76th Cong., 3d sess.), was enacted on October 15, 1940.

Other sugar legislation enacted by this Congress consisted of an amendment (Public, No. 660, 76th Cong., 3d sess.) to the child labor provisions of the Sugar Act of 1937, and of amendments (Public, No. 104, 76th Cong., 3d sess.) to the proportionate-share provisions of the act and to the section of the act dealing with the estimate of consumer sugar requirements.

## II. DISTRIBUTION OF THE INCOME OF THE DOMESTIC SUGAR INDUSTRY

The Sugar Act of 1937 attempts to solve the problem of a fair and reasonable distribution of the income available in the industry by the excise-tax, conditional-payment program and by two specific provisions: One authorizing the Secretary of Agriculture to make recommendations, after hearing and investigation, with respect to the terms of purchase agreements; the other, requiring that a processor who wishes to qualify as a producer for a conditional payment under the act pay for any sugar beets or sugarcane purchased from other producers at rates determined by the Secretary to be fair and reasonable.

### INCOME DISTRIBUTION IN THE BEET SUGAR PRODUCING AREA

Table 25 sets forth the essential data relative to the distribution of the net proceeds realized from the sale of beet sugar for the past 10 years. It will be noted that in those years in which a tax and conditional payment program was operative (1934, 1935, 1937, 1938, 1939) the income of the producer averaged in excess of that secured by him in years in which there was no such program. The relation of the processor's net income to his net worth is indicative of the earning capacity of the processing industry.

TABLE 25.—Amount and distribution of the income of the domestic sugar beet industry, 1930-39 inclusive

Crop	Net proceeds from sale of sugar	Gross income of growers	Net proceeds from sale of sugar retained by processors	Percent of total income of industry received by—		Grower's income per ton of beets	Processor's net income expressed as a percentage of average net worth for fiscal year ended following calendar year
				Grower	Processor		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>				
1930.....	\$98,573	\$65,698	\$32,875	66.65	33.35	\$7.14	-5.42
1931.....	82,307	46,948	35,359	57.04	42.96	5.94	-4.19
1932.....	100,147	47,705	52,442	47.63	52.37	5.26	1.95
1933.....	123,100	59,176	63,924	48.07	51.93	5.36	9.91
1934.....	101,704	58,352	43,352	57.37	42.63	6.91	8.38
1935.....	105,494	55,074	50,420	52.21	47.79	6.89	11.36
1936.....	110,840	54,636	56,204	49.29	50.71	6.05	12.64
1937.....	111,939	63,391	48,548	56.63	43.37	7.15	8.30
1938.....	133,139	76,318	56,821	57.32	42.68	6.52	5.22
1939 <sup>1</sup> .....	128,305	72,919	55,386	56.83	43.17	6.70	8.00

<sup>1</sup> Preliminary.

Col. (1)—Production of beet sugar multiplied by average net return from sales plus Government payments (excluding payments made under Soil Conservation and Domestic Allotment Act).

Col. (2)—Payments made to growers by processors plus Government payments.

Col. (3)—Col. (1) minus col. (2).

Col. (4)—Col. (2) divided by col. (1).

Col. (5)—Col. (3) divided by col. (1).

Col. (6)—Processor payments plus Government payments other than abandonment, deficiency, and payments made under Agricultural Conservation Program.

Col. (7)—Representing from 80 to 99 percent of the annual production.

Source of basic data other than column 7: Agricultural Statistics, 1939, p. 126, table 170, and records of the Sugar Division of the Agricultural Adjustment Administration.

## FAIR-PRICE DETERMINATION FOR THE 1940 SUGAR BEET CROP

In view of certain gaps in available information and uncertainties relative to the continuance of the Sugar Act, tentative recommendations, rather than a final determination, with respect to prices for the 1940 crop were issued in the spring of the year. Under the tentative proposal the country was divided into several districts and recommendations were made on a district basis. In some districts the tentative recommendations have, in large part, been incorporated into purchase agreements.

The proposals embodied in the tentative recommendations involve change in three aspects of the purchase agreements in use in the beet area west of the Mississippi River. They involve (1) changes in price schedules included in the purchase contracts, the extent of these changes being dependent upon the sugar content of the beets and the net return from the sales of beet sugar extracted from such beets; (2) elimination of the clause now included in many purchase agreements whereby the payments incorporated in the stated schedule of prices to be paid for beets are reduced at the rate of 1 percent for each 5-cent decline in net returns below \$3.25 per 100 pounds; (3) elimination of the practice engaged in by some processors whereby the net return used to arrive at the price basis on which each company individually settles for beets purchased is determined by averaging the net return of several processing companies. This proposal would require uniform adherence to the general practice in which the net return used by a particular company to establish a price basis of

settlement with its growers is the net return realized by that company from the sale of beet sugar extracted from beets purchased from these growers.

The tentative recommendation does not contemplate any change for those areas in which the so-called "50-50" purchase contract is in general use.

### INCOME DISTRIBUTION IN THE MAINLAND SUGARCANE AREA

The mainland sugarcane area is composed of the two States of Louisiana and Florida. As nearly all of the Florida production is controlled by one corporation, statistical data with respect to Louisiana only are presented in table 26.

TABLE 26.—*Estimated amount and distribution of the income of the Louisiana raw sugar industry—1930-39, inclusive*

Crop	Proceeds from sale of cane sugar	Total income of industry from sugar	Gross income to growers	Growers' income per ton cane	Gross income to processors from sugar	Percent of total income of industry received by—	
						Grower	Processor
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<i>Thous.</i>	<i>Thous.</i>	<i>Thous.</i>		<i>Thous.</i>		
1930.....	\$12,558	\$12,558	\$8,649	\$3.38	\$3,909	68.87	31.13
1931.....	10,240	10,240	7,343	3.29	2,897	71.71	28.29
1932.....	13,315	13,315	8,831	3.06	4,484	66.32	33.68
1933.....	13,627	13,627	8,554	3.29	5,073	62.77	37.23
1934.....	13,470	20,960	14,524	4.81	6,436	69.29	30.71
1935.....	22,022	25,105	16,080	3.93	9,025	64.05	35.95
1936.....	28,255	28,255	18,008	3.71	10,247	63.73	36.27
1937.....	25,839	30,708	20,170	3.84	10,538	65.68	34.32
1938.....	27,692	33,592	21,426	3.66	12,166	63.78	36.22
1939 <sup>1</sup> .....	25,547	30,558	19,568	3.85	10,990	64.04	35.96

<sup>1</sup> Preliminary.

Col. (1)—Production of sugar from sugarcane multiplied by price received in sale of sugar. 1930-33, inclusive, price is average of monthly average quotations on 96° raw sugar, New York duty-paid basis, October-February; 1934-39, Louisiana season average price of 96° raw sugar, as reported by Louisiana exchanges.

Col. (2)—Col. (1) plus Government payments (excluding payments made under Soil Conservation and Domestic Allotment Act).

Col. (3)—Payments made to growers by processors plus Government payments.

Col. (4)—Agricultural Statistics, 1939, p. 134, table 180. Including Government payments when made.

Col. (5)—Col. (2) minus col. (3).

Col. (6)—Col. (3) divided by col. (2).

Col. (7)—Col. (5) divided by col. (2).

Source of basic data: Agricultural Statistics, 1939, p. 134, table 180, and records of the Sugar Division of the Agricultural Adjustment Administration.

From the above table it will be noted that, while the total income of the industry has increased sharply in recent years, its distribution between processors and producers has not been significantly altered. During the early years of the period, largely as the result of small crops, competition for cane supply had created a situation in which virtually all of the processors were suffering losses. With the increased size of crops in recent years, many of the older mills have reached capacity utilization so that it has been necessary to increase the grinding facilities of the area by increasing the capacity of old plants and by the construction of new plants. In these circumstances the active competition for a supply of cane has been between producers for a market rather than between mills.



A great majority of the processors in the area are also producers of sugarcane. In view of this situation, the price of cane, as determined by the Secretary of Agriculture, tends to become the prevailing standard. The determination issued with respect to the 1940 crop period provided, in the case of Louisiana, for the same rates as in the 1939 period with two minor modifications. These were:

1. That although the price quotations of the New Orleans exchanges will continue to be used, if prices result which do not reflect the true value of the sugar because of inadequate volume of sugar sales on these exchanges, or other factors, the quotations of the New York Coffee and Sugar Exchange, or other qualified sources, are to be substituted.

2. That all processors operating in the same general area are to absorb weighing and hoisting costs, with the exception of those who operated in 1936 and who did not bear such costs in that year. This modification is expected to increase the income of some of those growers served by mills which began operations in 1937 and 1938 but which have not heretofore granted such allowances to all growers.

In Florida, where only a small number of independent producers are engaged in the production of sugarcane for sugar, a purchase agreement embodying an increase in the price of sugarcane of approximately 22 cents per ton has been agreed upon for 1940.

The processor-producer in Florida who produced about 93 percent of the State's 1939 sugar crop reported a 10.7 percent net return on stated net worth for the fiscal period ending on June 30, 1940.

#### INCOME DISTRIBUTION IN THE PUERTO RICAN SUGAR INDUSTRY

The progress made by the Puerto Rican sugar industry since the enactment of Federal sugar legislation is shown in table 27.

TABLE 27.—*Puerto Rico—estimated income of sugar industry and percent net income is of average net worth of a group of processor-producers, 1930-31 to 1939-40*

Crop	Estimated income of industry	Estimated income of producers	Estimated income of processors	Percent net income is of average net worth of a group of processor- producers
	(1)	(2)	(3)	(4)
1930-31	\$47,605	\$30,813	\$16,792	2.17
1931-32	50,705	31,736	18,969	5.70
1932-33	45,844	28,423	17,421	6.85
1933-34	61,250	37,976	23,274	10.28
1934-35	57,663	40,401	17,262	8.82
1935-36	64,757	40,970	23,787	13.39
1936-37	65,259	40,469	24,799	11.27
1937-38	68,152	46,440	21,712	7.04
1938-39	52,833	36,567	16,266	5.16
1939-40	62,833	43,410	19,473	-----

Col. (1)—1930-31 to 1933-34 seasons, New York market price, January to June less \$5.52 per ton, multiplied by production. 1934-35 to 1939-40 price, weighted by volume of deliveries each month less \$5.52 per ton, 1934-35 to 1936-37, \$5 per ton in 1937-38 and \$5.40 per ton in later years multiplied by production. Government payments added for years applicable.

Col. (2)—1930-31 and 1931-32, Tariff Commission Report No. 73. 1932-33 to 1936-37, inclusive, 62 percent of the f. o. b. mill value, later years 63 percent; Government payments added.

Col. (3)—Difference between col. (1) and col. (2).

Col. (4)—Representing 38 to 51 percent of annual production of raw sugar. In one instance, includes financial results of operations in Santo Domingo.

An examination of these data indicates that, as a result of the operation of the tax and conditional-payment plan, the portion of the total

income accruing to the producer, as well as its size, has increased. At the same time there has been a decline in the net income received by the processor-producers as indicated by the contrast between the 1936-37 season and the following seasons.

#### FAIR-PRICE DETERMINATION, 1939-40 CROP

At hearings held in San Juan, P. R., spokesmen for processors and colonos (growers) testified that a purchase agreement, acceptable to all parties, had been reached. The spokesmen recommended the contract to the Secretary as a basis for his findings. The agreement, which provided for a continuation of the previous percentage distribution of returns but which allocated part of the cost of carrying excess inventories to the colono, was incorporated in the determination later issued.

#### INCOME OF THE HAWAIIAN SUGAR INDUSTRY

The total return from the 1939 sugar crop in Hawaii, where 90 per cent of the sugarcane is produced by processor-producers, exceeded that of the unfavorable crop of the preceding year by approximately \$5,000,000. The contract structure governing the purchase of the 1939 crop has been continued for the 1940 crop period, after a public hearing in which processors and producers stated it to be fair and equitable. Under this structure the adherent planter, who receives a price slightly below the value (on a New York basis) of one-half of the sugar recovered from his cane, is guaranteed a so-called subsistence advance, not to exceed \$40 per acre per crop period. Repayment of the advance is required only in the event the final liquidation is sufficient to retire the indebtedness of the planter.

#### GENERAL FACTORS AFFECTING INCOME DISTRIBUTION

It is seldom realized that in its economic aspects the processing branch of the sugar industry is in many respects similar to a public utility enterprise. Limitation of producers' marketing opportunities, the importance of fixed costs in the operating structure of processing units, and the nature of the Government protection afforded the industry tend to foster the development of characteristics commonly found in public utility structures.

Sugarcane and sugar beets are both bulky and semi-perishable commodities which cannot absorb the cost of transportation for great distances to competitive central markets, nor can they be stored safely for long periods of time. Sugarcane may be allowed to stand in the field for some time, but, once cut, it must be ground immediately. Sugar beets may be stored in huge piles for a period after harvesting but the risk of spoilage is ever present. The sale of these commodities is therefore confined to a limited marketing area and to a relatively short marketing period.

The value of the plant facilities required for the processing of these commodities, after deduction of raw material costs, is very great in relation to the value of the output. In other words, the fixed and overhead costs of the processing enterprises are a very significant part of the total costs. Consequently, any inadequacy of raw material

supplies, whether resulting from the overbuilding of processing facilities or from subnormal crops, reduces the annual period of operation, thereby substantially increasing the unit cost of manufacture.

For these reasons duplicate and competing processing facilities are seldom constructed, so that the only market available to the producer, within the range of reasonable transportation costs, is generally the plant of a single buyer, and the processor has, to this degree, a buyer's monopoly. In these circumstances the distribution in the sugar industry of the total available income becomes exceedingly important.

Producers in all the domestic areas, in fact practically throughout the world, have attempted to solve the problem of a fair distribution of the available income between themselves and the processors by the use of purchase agreements under which the price paid for the raw material is established on a participating basis in relation to the value of the product. The proceeds realized from the sale of sugar are divided between the processor and the producer in accordance with a predetermined ratio.

Under a plan of Government protection which includes the establishment of area quotas and marketing allotments, the problem is further complicated. Current sugar legislation provides, in part, that if certain circumstances exist: "Allotments shall be made in such manner and in such amounts as to provide a fair, efficient and equitable distribution of such quota or proration thereof by taking into consideration the processings of sugar \* \* \* from sugar beets or sugarcane to which proportionate shares \* \* \* pertained; the past marketings \* \* \* of each such person; or the ability of such person to market that portion of such quota or proration thereof allotted to him \* \* \*."

It will be noted that it is required that the allocation of marketing quotas, constituting the creation of a vested right in the market, be based principally upon the historical record of each firm. It is obvious, therefore, that a new processing organization could not be assured of a marketing allotment in advance of public hearing, and that, in view of the standards incorporated in the legislation, a historical record of production would have to be developed before any allotment could be made. In these circumstances the market for sugar beets and sugarcane is in a large degree confined to those processing organizations now in business.

### III. QUOTA ADMINISTRATION

When the sugar quota system was suspended on September 11, 1939, the estimate of United States consumer requirements for that year was 6,755,386 short tons, raw value. With the removal of restrictions on sugar marketings and the extraordinary demands of consumers, the quantity of sugar obtained by buyers from offshore areas plus that marketed by the continental beet and cane areas totaled 7,465,633 tons.

On December 29, 1939, the Department announced that the total supply of quota sugar required to meet consumers' needs for 1940 would be 6,725,100 tons. In accordance with the act, recognition had of course been given to the large stocks of sugar carried over into 1940. It was stated that, when additional official data on year-end



sugar distribution and stocks became available, it might be necessary to change that figure. On February 23 Secretary Wallace reduced the quotas to 6,607,745 tons, a decrease of 117,355 tons.

The invasion of the Low Countries and France in May was soon followed by a serious decline in the world price of sugar which was accompanied by a weakening in the domestic price. The world price of sugar, which had averaged about 1.75 cents per pound in the first 4 months of 1940, fell to 0.91 cent per pound by September, while the domestic price dropped from 2.83 cents per pound to 2.70 cents during the same period.

The Department, therefore, issued an explanatory press statement on May 24, pointing out that ever since the quota system had been inaugurated in 1934, the price of sugar in the United States had been independent of the world market, and that as long as such a system was in effect there was no prospect of world surpluses flooding the domestic market. In the same release the Sugar Division again called attention to the fact that under existing legislation the Secretary has authority to adjust market supplies of sugar to estimated requirements of consumers.

On July 11 the Sugar Division announced that, in view of the price situation and the supplies available to consumers, that portion of its quota which could not be filled by any area supplying the United States market would not be reallocated to other areas unless unforeseen circumstances developed.

A further step which improved the domestic price situation was taken by Secretary Wallace on August 26, after data on distribution and stocks for the first half of 1940 had become available, when he announced an additional reduction in the estimate of consumer quota needs. The estimate was reduced to 6,471,362 tons, a decrease of 136,383 tons, or a total decrease of 253,738 tons from the initial estimate of December 29, 1939. The Sugar Act provides that when the requirements of consumers are estimated at less than 6,682,670 tons, the share of the domestic areas may not be less than 3,715,000 tons, and that any reduction is to be sustained by the Commonwealth of the Philippines, and Cuba and other foreign countries. The act also provides, however, that the share of the Philippines may not be reduced below the quantity of sugar (approximately 983,000 short tons, raw value) which the islands may ship into continental United States duty-free. Consequently the result of the latest reduction in quotas was that the quantity of sugar which Cuba is permitted to send into the United States in 1940 is the smallest admitted in any year since 1912 with the exception of 1933. The 1940 quotas now in effect are as follows:

	<i>Tons</i>		<i>Tons</i>
Domestic beet area-----	1, 549, 898	Commonwealth of the Philip-	
Mainland cane area-----	420, 167	pines-----	982, 441
Hawaii-----	938, 037	Cuba-----	1, 749, 744
Puerto Rico-----	797, 982	Foreign countries other than	
Virgin Islands-----	8, 916	Cuba-----	24, 177
		Total-----	6, 471, 362

### MARKETING ALLOTMENTS

Because total sugar supplies in the continental beet and mainland cane areas were expected to be greater in 1940 than the area marketing quotas for the year, the allotment of the quotas for these areas was again necessary in order to assure all processors a fair opportunity to market sugar, to prevent disorderly marketings, and for other reasons specified in the act. The standards which must be used in making such allotments and the effectiveness of these standards in limiting the entrance of new organizations in the beet and cane processing field have already been discussed.

The manner in which the beet area's quota would be distributed was announced by the Department on March 26, following a formal public hearing held on February 19 at which all interested parties agreed to a stipulated distribution.

The marketing allotment hearing for the mainland cane area was held in New Orleans on February 29, and the allotment was announced on May 1.

The allotment of the 1940 quota for Puerto Rico, where marketing allotments have been necessary every year since sugar legislation was enacted in 1934, was announced on April 10.

Tables showing the allotment of the continental beet, mainland cane, and Puerto Rico quotas for 1940 among the various processors in these areas are given in the appendix. (See pp. 146-148.)

### IV. ADMINISTRATION OF CONDITIONAL PAYMENT PROGRAMS

Growers who wish to receive the conditional payments authorized by the Sugar Act of 1937 are required to comply with the "proportionate shares" or acreage allotments for their farms, to pay fair and reasonable wages to field laborers, to refrain from employing child labor, and to carry out soil-conserving practices. It has already been pointed out that grower-processors who intend to apply for Federal sugar payments are also required to pay fair and reasonable prices for cane or beets bought from other growers.

Shortly after the suspension of sugar quotas in September 1939, domestic sugar producers were informed that all beet and cane growers who met the various conditions of payment would be paid on the 1939 crop. However, in view of the war emergency, producers were advised that the payment conditions on that crop could not be met by the destruction of cane or beets, and that payments would be withheld in cases where cane or beets were destroyed for purposes of compliance or for any other purpose. At the same time growers were advised that in view of the quota suspension no sugar payment program was in effect or contemplated at that time for the 1940 crop in any producing area. On December 26, the Department announced resumption of the sugar program, following the President's proclamation restoring the sugar quota system.

**"PROPORTIONATE SHARES" FOR GROWERS****CONTINENTAL BEET AREA**

Growers in the continental beet area were advised early in March that the proportionate share (acreage allotment) for any farm for the 1940 crop would be the acreage of sugar beets planted on the farm for the production of sugar. The establishment of restrictive acreage allotments for growers in this area was at that time deemed unnecessary because it was not expected that the 1940 crop, in view of drought, floods, and other adverse factors, would produce an amount of sugar which, when added to current supplies, would be more than that required to meet the area's quota and carry-over requirements. It has already been pointed out that the quota suspension permitted the continental beet area to dispose of a carry-over of 243,000 tons, thus reducing considerably the amount of sugar carried over into 1940.

**MAINLAND CANE AREA**

The Sugar Division found it possible on February 3, 1939, to announce the basis for calculating the proportionate shares for farms in the mainland cane area for the 1940 crop. It was felt that announcement at that time would enable growers to calculate well in advance of the planting season the 1940 acreage of sugarcane on which they could qualify for sugar payments.

Producers were advised that any grower who had made in 1939 the required basic acreage reduction of 25 percent from his 1938 planted acreage, as well as small growers (who had been exempted from such reduction), would be entitled to an acreage allotment in 1940 equal to their 1939 measured proportionate-share acreage. Growers who had been unable to complete their acreage adjustment in 1939 were informed that they would be expected to do so in 1940; however, since there still was time for the adjustment of the 1939 acreage by taking stubble canes out of cultivation, growers not required to make the reduction in 1939 were advised they might nevertheless do so.

New growers in 1940 were informed they might obtain acreage allotments not in excess of one-third of their acreage suitable for sugarcane, but in no event more than 10 acres. Moreover, growers who obtained a 1939 proportionate share of 10 acres or less but who did not plant all of such acreage that year were told they would be able, upon application, to increase their 1940 acreage up to the amount of their 1939 proportionate share.

On October 6, 1939—that is, a week after the Department had announced that in view of the quota suspension no 1940 sugar program was then contemplated—the Sugar Division stated, for the benefit of growers in the mainland cane area who wished to be assured of qualifying for conditional payments if a 1940 program should later be made effective, that such growers should plan their 1940 crop operations in accordance with the provisions of the acreage-allotment determination announced February 3, 1939, even though that determination was no longer in effect.

Early in 1940 the Sugar Division announced that, as a result of the increased marketings which the mainland cane area had been able to make because of the quota suspension, the quantity of sugar



needed to enable the area to meet its 1940 sugar-quota and carry-over requirements was established at 505,000 short tons, and the acreage required to produce this sugar was estimated at 288,000 acres. Since those estimates were higher than they would have been had marketing restrictions not been lifted in 1939, it was necessary to change the acreage-allotment basis for individual growers in order to provide a fair distribution of the additional acreage available.

Growers who had failed to make the basic 25-percent acreage reduction or who had increased their acreage during the suspension period in the fall of 1939 wished to be exempted from the acreage allotment compliance condition of payment. On February 28, 1940, in response to a request from Congress as to the Department's position in the matter, the Department reported unfavorably on pending legislation which would have exempted such growers from compliance and which would have permitted full payment not only on the sugar produced on their proportionate-share acreage but also on that grown on excess acreage. "Enactment of the proposed legislation," the Department's report stated, "would therefore be unjust to the many producers who made the required acreage adjustment in 1939."

Subsequently, the objectionable features of the proposed legislation were removed and the legislation was enacted. It permits growers who have complied with other conditions of payment to harvest up to 110 percent of their proportionate share, or their proportionate share plus 25 acres, whichever is larger, without any deduction from the conditional payment on their 1940 proportionate share. Growers with acreage in excess of that which may be harvested without deduction will have deducted from their payment \$10 for each excess acre harvested (after the tolerance factor mentioned) up to 500 acres, and \$20 for each acre above 500 acres.

However, the severe damage caused to the 1940 crop in the mainland cane area this year by freeze, storm, and floods has greatly reduced the excess acreage of sugarcane.

#### HAWAII

It has not been found necessary to establish detailed regulations on proportionate shares for growers in Hawaii since sugar quota legislation has been in effect, because the quantity of sugar produced in that area has not been in excess of that needed to fill the Territory's local-consumption quota and the quota for marketing in continental United States.

#### PUERTO RICO

The determination of proportionate shares for the 1940 crop in Puerto Rico, issued on November 18, 1938, provided for substantially the same proportionate-share basis as in previous years.

It was announced on December 29, 1938, that applications for new proportionate shares for 1940 would be allowed only for growers who had completed their plantings on or before December 31, 1938, and the action was given formal effect in an amendment to the 1940 determination issued on February 14, 1939. It was pointed out in the previous report that this action was taken to prevent an excessive transfer of acreage from old to new growers. Prior to this ruling approximately one-fifth of the total Puerto Rican proportionate shares had been transferred from old to new growers.

### MINIMUM WAGES AND CHILD LABOR

Six determinations establishing minimum wages for beet and cane field workers were issued during the year. Two of these concerned the continental sugar beet area, the first one issued being applicable to California, where the season starts early, and the second covering all other beet States. Both of these determinations continued in 1940 the basic wage rates established for the 1939 crop for persons employed in the production, cultivation, or harvesting of beets. The determination for the beet States other than California also established hourly rates in one district for which only piece rates had previously been specified.

Two determinations were issued for the mainland sugarcane area, one covering the harvesting of 1939 crop sugarcane between September 1, 1939, and June 30, 1940, and the second providing the rates for the production and cultivation of cane during 1940. These two determinations maintained the same rates established for the previous year and, in addition, were extended to include minimum rates for certain other types of work (such as that performed by teamsters and tractor drivers) for which separate rates had not previously been specified.

The Hawaiian wage determination established rates for the production, cultivation, or harvesting of sugarcane during 1940, and in this case, too, the rates were identical with those for 1939.

The only wage determination issued for Puerto Rico during the year continued during 1940 the rates established for 1939. These rates are in accord with the terms of the collective agreement between the Association of Sugar Producers of Puerto Rico and the Free Federation of Workingmen of Puerto Rico. A new feature in this determination was a clause providing a bonus system which was to become effective when the average price of sugar was 3 cents or more per pound.

The problem of certain growers who had been found to employ child labor, in many cases inadvertently, was dealt with by the passage of an amendment to the child labor provisions of the Sugar Act. The amendment was enacted on June 25, 1940. It provided that conditional payments could be made to these growers after a deduction of \$10 for each child for each day or portion of a day during which such child worked on the 1937, 1938, or 1939 crops.

### FARMING PRACTICES

The soil-conserving and soil-improving practices established under the 1940 sugar program for growers in the various sugar-producing areas who wished to receive Federal sugar payments were substantially the same as those for the 1939 program.

In the continental beet area the practices included the seeding or maintenance of adapted legumes or grasses, the plowing under of adapted green manure crops, and the application of animal or chemical fertilizers to the soil. The relatively minor changes made for the 1940 California beet crop were designed primarily to promote further the incorporation of organic matter within the soil by growing grasses and legumes, and to discourage farming practices which permit the continuous cropping of land to sugar beets.

The practices for the mainland cane area were the same as in 1939. They provided that any grower who wished to qualify for a Federal conditional payment was required to have an acreage of the designated practices equal to at least 30 percent of his acreage in sugarcane, and the practices were to be carried out on land adapted to sugarcane production. The approved practices consisted chiefly of seeding or turning under legumes or other crops beneficial to the soil, and each practice had a definite value for soil-building purposes.

Hawaiian sugarcane producers who wished to receive Government payments were required to apply specified amounts of plant food, in chemical fertilizer, to each acre of sugarcane. It was also required that the acreage fertilized was to be at least as large as the acreage of the farm on which sugarcane was planted, or a stubble crop of sugarcane was started, at any time during 1940.

In Puerto Rico growers were required to apply chemical fertilizer in varying amounts to farms with more than 10 acres of sugarcane. In the case of farms with 10 acres or less of cane, growers instead were permitted to apply the tops and trash cut from sugarcane harvested, or to carry out any of the soil-building practices specified in the 1940 Agricultural Conservation Program bulletin for Puerto Rico.

## V. SUMMARY

In summary, the vast majority of sugar growers in the domestic areas have received approximate-parity returns from the 1939 crop. This makes the sixth year under the sugar program during which parity or near-parity returns were realized. It will be noted, however, that this result has been achieved only through the exercise of extraordinary Federal powers, including a limitation on the sugar marketings of all producing areas supplying the United States, the frequent allotment of the quotas of most domestic areas among the processors in the respective areas, a protective tariff mechanism, and a tax-payment program.



## CHAPTER 7

### FINANCIAL REPORT

The expenditures of the Agricultural Adjustment Administration during the fiscal year 1940, ending June 30, 1940, totaled \$908,468,-472.81. The purposes for which these expenditures were made are shown in the following tabulation:

Agricultural conservation payments-----	\$518,273,104.52
Payments, Price Adjustment Act of 1938-----	188,298,148.15
Payments, Sugar Act of 1937-----	47,255,298.54
1940 parity payments-----	26,059,453.08
1937 cotton price adjustment payments-----	413,658.25
Miscellaneous program payments-----	25,203.23
County association expense for all programs administered by the A. A. A.-----	42,803,055.01
General administrative expenses in Washington, D. C., and the field for all programs administered by the A. A. A.-----	18,005,846.20
Payments for purchase and diversion of agricultural commodities-----	67,335,105.83
<b>Total-----</b>	<b>908,468,872.81</b>

This tabulation includes expenditures applicable to previous-year programs as well as current-year programs under items for conservation program payments, sugar payments, county association expenses, and general administrative expenses.

The grand total, \$518,273,104.52, (table 28) shown for agricultural conservation payments also includes payments made under the range conservation program, the naval stores program, advances for conservation materials and advances for wheat crop insurance premiums. Advances for conservation materials and crop insurance are deducted from payments earned by producers for their participation in the agricultural conservation programs.

The total payment of \$188,298,148.15 under the Price Adjustment Act of 1938 (table 29) represents that part of the amount appropriated for 1939 price adjustment payments under the Price Adjustment Act of 1938 which was paid to producers during the fiscal year 1940.

Payments under the Sugar Act of 1937 of \$47,255,298.54 (table 29) represent \$32,920,000.48 paid under the 1939 sugar program and \$14,335,298.06 applicable to the 1938 and previous programs.

The payment of \$26,059,453.08 (table 29) represents that part of the 1940 parity payment program appropriation which had been expended as of June 30, 1940. The total expenditures by States are shown in table 30. The tables follow:

TABLE 28.—*Payments to Producers, July 1, 1939, to June 30, 1940, for cooperating in the Agricultural Conservation Programs*

	1939 program	1938 and previous programs	Total
<b>Southern Region:</b>			
Alabama.....	\$15,126,719.51	\$946,430.92	\$16,073,150.43
Arkansas.....	15,195,476.26	2,015,607.35	17,211,083.61
Florida.....	2,653,469.51	143,011.03	2,796,480.54
Georgia.....	12,951,114.53	1,513,435.93	14,464,550.46
Louisiana.....	8,464,635.17	2,033,019.76	10,497,654.93
Mississippi.....	19,218,237.07	86,157.94	19,304,395.01
Oklahoma.....	16,251,856.16	2,528,857.58	18,780,713.74
North Carolina.....	8,987,866.15	163,964.16	9,121,830.31
Texas.....	55,502,714.59	9,444,242.86	64,946,957.45
<b>Total.....</b>	<b>154,322,088.95</b>	<b>18,874,727.53</b>	<b>173,196,816.48</b>
<b>East Central Region:</b>			
Delaware.....	655,341.00	8,886.61	664,227.61
Kentucky.....	8,160,266.55	624,984.81	8,785,251.36
Maryland.....	1,847,009.49	92,635.03	1,939,644.52
North Carolina.....	7,443,963.35	1,936,260.27	9,380,223.62
Tennessee.....	8,697,880.24	1,028,242.87	9,726,123.11
Virginia.....	3,182,448.04	277,729.33	3,460,177.37
West Virginia.....	1,032,207.85	36,624.89	1,068,832.74
<b>Total.....</b>	<b>31,019,116.52</b>	<b>4,005,363.81</b>	<b>35,024,480.33</b>
<b>Northeast Region:</b>			
Connecticut.....	427,647.28	-2,908.12	424,739.16
Maine.....	1,531,548.98	8,454.52	1,540,003.50
Massachusetts.....	453,019.64	3,763.48	456,783.12
New Hampshire.....	166,845.95	2,170.43	169,016.38
New Jersey.....	1,021,427.32	22,791.88	1,044,219.20
New York.....	4,380,481.18	23,108.06	4,403,589.24
Pennsylvania.....	4,861,875.57	88,895.43	4,950,771.00
Rhode Island.....	33,702.99	389.67	34,092.66
Vermont.....	361,973.90	7,128.44	369,102.34
<b>Total.....</b>	<b>13,238,522.81</b>	<b>153,793.79</b>	<b>13,392,316.60</b>
<b>North Central Region:</b>			
Illinois.....	26,150,344.83	64,788.67	26,215,133.50
Indiana.....	13,870,601.20	134,865.81	14,005,467.01
Iowa.....	38,634,272.85	147,203.55	38,781,476.40
Michigan.....	6,954,881.75	79,925.85	7,034,807.60
Minnesota.....	20,509,239.84	332,033.53	20,841,273.37
Missouri.....	15,474,615.00	2,084,015.62	17,558,630.62
Nebraska.....	20,028,046.24	64,142.42	20,092,188.66
Ohio.....	11,560,054.04	70,264.25	11,630,318.29
South Dakota.....	15,175,504.00	230,462.79	15,405,966.79
Wisconsin.....	11,569,293.03	20,665.59	11,589,958.62
<b>Total.....</b>	<b>179,926,852.78</b>	<b>3,228,368.08</b>	<b>183,155,220.86</b>
<b>Western Region:</b>			
Arizona.....	2,342,867.82	117,854.61	2,460,722.43
California.....	8,467,561.25	4,310,624.68	12,778,185.93
Colorado.....	4,491,852.60	1,447,630.50	5,939,483.10
Idaho.....	4,063,095.78	632,055.76	4,695,151.54
Kansas.....	22,137,113.31	808,162.10	22,945,275.41
Montana.....	7,998,977.72	2,045,982.36	10,044,960.08
Nevada.....	157,438.25	526.65	157,964.90
New Mexico.....	2,917,356.45	1,874,422.54	4,791,778.99
North Dakota.....	19,754,852.42	2,140,261.25	21,895,113.67
Oregon.....	4,232,281.95	502,560.34	4,734,842.29
Utah.....	1,070,664.05	234,900.83	1,305,564.88
Washington.....	5,037,937.06	338,779.05	5,376,716.11
Wyoming.....	2,016,681.31	201,362.42	2,218,043.73
<b>Total.....</b>	<b>84,688,679.97</b>	<b>14,655,123.09</b>	<b>99,343,803.06</b>
<b>Total continental United States.....</b>	<b>463,195,261.03</b>	<b>40,917,376.30</b>	<b>504,112,637.33</b>
Alaska.....	6,931.20	40.40	6,971.60
Hawaii.....	114,546.07	1,993.24	116,539.31
Puerto Rico.....	1,640,165.62	1,468,088.28	3,108,253.90
Credits undistributed by States.....	-3,903.68	-59,563.50	-63,767.18
Conservation materials and crop insurance premium advances in connection with the 1940 crop year.....			10,992,469.56
<b>Grand total.....</b>	<b>464,953,000.24</b>	<b>42,327,634.72</b>	<b>518,273,104.52</b>

TABLE 29.—*Payments to Producers July 1, 1939, to June 30, 1940, under the 1940 Parity Payment Program, 1939 Price Adjustment Program, and Sugar Programs*

	1940 Parity Payment Program	1939 Price Adjustment Program	Sugar Pro- grams
<b>Southern Region:</b>			
Alabama.....		\$8,829,528.04	
Arkansas.....	\$20,689.27	9,221,273.24	
Florida.....		229,171.12	\$1,340,097.93
Georgia.....	53,253.95	8,234,466.46	
Louisiana.....		5,945,161.06	6,515,452.48
Mississippi.....		12,403,068.47	
Oklahoma.....	2,636,378.05	5,352,394.98	
South Carolina.....		5,644,605.35	
Texas.....	3,293,640.44	25,974,791.67	3,918.80
Total.....	6,003,961.71	81,834,460.39	7,859,469.21
<b>East Central Region:</b>			
Delaware.....	112,657.84	12,051.02	
Kentucky.....	72,294.72	649,140.70	
Maryland.....	389,772.74	177,148.32	
North Carolina.....	54,642.82	4,629,211.38	
Tennessee.....	82,931.10	3,635,696.94	
Virginia.....	10,909.10	470,930.64	
West Virginia.....	45,086.49	13,975.18	
Total.....	768,294.81	9,588,154.18	
<b>Northeast Region:</b>			
Connecticut.....			
Maine.....			
Massachusetts.....			
New Hampshire.....			
New Jersey.....	7,644.83	26,171.95	
New York.....	8,270.74	147,751.05	
Pennsylvania.....	454,558.96	375,595.64	
Rhode Island.....			
Vermont.....			
Total.....	470,474.53	549,518.64	
<b>North Central Region:</b>			
Illinois.....	1,797,568.12	12,276,570.13	47,205.50
Indiana.....	1,125,334.90	5,865,033.29	124,402.89
Iowa.....	1,134,310.49	18,607,399.66	91,339.33
Michigan.....	226,605.77	876,276.29	1,878,367.61
Minnesota.....	706,799.33	6,754,595.97	546,851.65
Missouri.....	923,317.95	6,742,909.90	
Nebraska.....	2,429,241.19	9,628,009.83	1,556,433.32
Ohio.....	142,023.96	4,662,472.23	696,630.09
South Dakota.....	170,629.26	4,380,592.30	142,819.03
Wisconsin.....		1,410,814.53	305,725.06
Total.....	8,655,830.97	71,204,674.13	5,389,774.48
<b>Western Region:</b>			
Arizona.....	280,147.10	1,565,138.83	
California.....	171,169.99	4,629,433.12	5,612,622.73
Colorado.....	191,748.90	760,824.39	3,282,003.44
Idaho.....	770,764.31	1,216,099.48	1,941,287.23
Kansas.....	6,471,130.21	3,417,168.23	109,747.02
Montana.....	100,687.76	2,924,190.59	1,896,872.46
Nevada.....		24,975.34	36,437.42
New Mexico.....	207,038.31	939,106.39	6,356.80
North Dakota.....		7,356,864.10	244,288.69
Oregon.....	1,043,375.64	419,163.29	197,104.19
Utah.....	6,739.84	292,398.42	1,299,518.66
Washington.....	905,051.50	1,345,199.56	413,239.66
Wyoming.....	13,037.50	245,107.73	1,101,297.15
Total.....	10,160,891.06	25,135,669.47	16,140,775.45
Total continental United States.....	26,059,453.08	188,312,476.81	29,390,019.14
Alaska.....			
Hawaii.....		2,813.91	8,974,511.99
Puerto Rico.....			8,895,288.93
Credits undistributed by States.....		-17,142.57	-4,521.52
Grand total.....	26,059,453.08	188,298,148.15	47,255,298.54



TABLE 30.—*Total expenditures, July 1, 1939, to June 30, 1940, inclusive*

	<i>Amount</i>		<i>Amount</i>
Washington, D. C.---	\$5, 600, 596. 21	Nevada-----	\$275, 871. 72
Alabama-----	26, 611, 976. 73	New Hampshire-----	467, 834. 34
Alaska-----	7, 544. 47	New Jersey-----	1, 197, 346. 58
Arizona-----	4, 498, 790. 47	New Mexico-----	6, 490, 334. 98
Arkansas-----	27, 956, 729. 81	New York-----	5, 731, 814. 32
California-----	24, 611, 994. 64	North Carolina-----	16, 260, 485. 18
Colorado-----	11, 082, 436. 98	North Dakota-----	32, 446, 485. 68
Connecticut-----	631, 886. 95	Ohio-----	19, 455, 392. 56
Delaware-----	841, 436. 54	Oklahoma-----	28, 874, 926. 45
Florida-----	4, 792, 207. 96	Oregon-----	7, 053, 776. 39
Georgia-----	24, 925, 689. 24	Pennsylvania-----	6, 761, 092. 20
Hawaii-----	9, 115, 605. 19	Philippine Islands-----	41, 847. 88
Idaho-----	9, 507, 989. 59	Puerto Rico-----	12, 342, 066. 01
Illinois-----	42, 844, 046. 70	Rhode Island-----	72, 570. 01
Indiana-----	23, 071, 826. 39	South Carolina-----	15, 974, 478. 25
Iowa-----	61, 464, 852. 10	South Dakota-----	22, 398, 228. 08
Kansas-----	36, 253, 721. 19	Tennessee-----	15, 473, 103. 60
Kentucky-----	11, 941, 713. 99	Texas-----	99, 440, 488. 02
Louisiana-----	24, 161, 478. 62	Utah-----	3, 298, 495. 63
Maine-----	1, 965, 253. 42	Vermont-----	639, 126. 56
Maryland-----	2, 762, 905. 45	Virginia-----	5, 027, 879. 37
Massachusetts-----	644, 251. 41	Washington-----	8, 803, 946. 41
Michigan-----	11, 581, 969. 89	West Virginia-----	1, 675, 904. 36
Minnesota-----	31, 043, 960. 15	Wisconsin-----	14, 602, 118. 81
Mississippi-----	33, 050, 352. 93	Wyoming-----	4, 065, 491. 68
Missouri-----	28, 068, 210. 37	Undistributed-----	67, 748, 437. 63
Montana-----	16, 108, 494. 58		
Nebraska-----	36, 701, 408. 14	Total-----	908, 468, 872. 81

## APPENDIXES

### APPENDIX A.—1939 AGRICULTURAL CONSERVATION PROGRAM BULLETIN

[A compilation of the provisions of the 1939 Agricultural Conservation Program,  
effective as of June 16, 1939]

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This bulletin is a compilation of the 1939 Agricultural Conservation Program Bulletin, approved November 10, 1938, and supplements 1 to 15, inclusive, which are included herein with the exception of county corn and wheat acreage allotments, and county normal yields of corn.

#### Section 1.—AUTHORITY, AVAILABILITY OF FUNDS, AND APPLICABILITY

(a) **Authority.**—Pursuant to the authority vested in the Secretary of Agriculture under sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act (49 Stat. 1148), as amended, and in connection with the effectuation of the purposes of section 7 (a) of said Act in 1939, payments and grants of aid will be made for participation in the 1939 Agricultural Conservation Program (hereinafter referred to as the 1939 program) in accordance with the provisions hereof and such modifications thereof or other provisions as may hereafter be made.

(b) **Availability of funds.**—The provisions of the 1939 program are necessarily subject to such legislation affecting said program as the Congress of the United States may hereafter enact; the making of the payments and grants of aid herein provided are contingent upon such appropriation as the Congress may hereafter provide for such purpose; and the amounts of such payments and grants of aid will necessarily be within the limits finally determined by such appropriation, the apportionment of such appropriation under the provisions of the Soil Conservation and Domestic Allotment Act, as amended, and the extent of national participation. As an adjustment for participation the rates of payment and deduction with respect to any commodity or item of payment may be increased or decreased from the rates set forth herein by as much as 10 percent.

(c) **Applicability.**—The provisions of the 1939 program contained herein, except section 12, are not applicable to (1) Hawaii, Puerto Rico, and Alaska; (2) counties for which special agricultural conservation programs under said Act are approved for 1939 by the Secretary; and (3) public domain of the United

States, including land owned by the United States and administered under the Taylor Grazing Act or by the Forest Service of the United States Department of Agriculture, and other lands in which the beneficial ownership is in the United States.

## Sec. 2.—DEFINITIONS

For the purposes of the 1939 program unless the context otherwise requires:

### (a) Officials.—

- (1) **Secretary** means the Secretary of Agriculture of the United States.
- (2) **Administrator** means the Administrator of the Agricultural Adjustment Administration.
- (3) **Regional director** means the director of the division of the Agricultural Adjustment Administration in charge of the agricultural conservation programs in the region.
- (4) **State committee** means the group of persons designated within any State to assist in the administration of the agricultural conservation programs in such State.
- (5) **County committee** means the group of persons elected within any county to assist in the administration of the agricultural conservation programs in such county.

### (b) Areas.—

- (1) **Northeast Region** means the area included in the States of Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.
- (2) **East Central Region** means the area included in the States of Delaware, Kentucky, Maryland, North Carolina, Tennessee, Virginia, and West Virginia.
- (3) **Southern Region** means the area included in the States of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, South Carolina, and Texas.
- (4) **North Central Region** means the area included in the States of Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin.
- (5) **Western Region** means the area included in the States of Arizona, California, Colorado, Idaho, Kansas, Montana, Nevada, New Mexico, North Dakota, Oregon, Utah, Washington, and Wyoming.
- (6) **Area A** means the North Central Region, North Dakota, Kansas, and such counties or administrative areas in Arkansas, Oklahoma, Texas, New Mexico, Colorado, Wyoming, Montana, and California as may be designated by the Administrator as areas normally producing a surplus of general soil-depleting crops.
- (7) **Area B** means the East Central Region and those portions of the Southern and Western Regions not included in Area A.
- (8) **Area C** means the Northeast Region.
- (9) **Commercial corn-producing area** means counties in the States of Ohio, Michigan, Indiana, Kentucky, Illinois, Wisconsin, Minnesota, Iowa, Missouri, South Dakota, Nebraska, and Kansas designated by the Administrator with the approval of the Secretary.
- (10) **Commercial potato-producing area** means counties designated by the Administrator as counties normally producing substantial quantities of potatoes for market.
- (11) **Commercial vegetable-producing area** means counties or administrative areas designated by the Administrator as counties normally producing substantial quantities of commercial vegetables, provided that in no event shall a county be designated if the average acreage of commercial vegetables in the county in 1936 and 1937 was less than 100 acres.
- (12) **Commercial peanut-producing area** means Virginia, North Carolina, Georgia, and Alabama, and counties in Florida and Texas, designated by the Administrator as counties normally producing substantial quantities of peanuts for market; *Provided*, That any county in any of such States may be excluded from the commercial peanut-producing area if not more than 300 acres of peanuts for market were grown in 1938 and the State committee recommends that such county be excluded from the commercial peanut-producing area.
- (13) **Special wind-erosion area** means the following counties in Kansas, Oklahoma, Texas, New Mexico, and Colorado:

KANSAS: Greeley, Wichita, Hamilton, Kearny, Stanton, Grant, Morton, Stevens.

OKLAHOMA: Cimarron, Texas.

TEXAS: Dallam, Sherman, Hartley, Moore.

NEW MEXICO: Quay, Harding, Union.

COLORADO: Las Animas, Baca, Prowers, Kiowa, Cheyenne, Kit Carson, Lincoln, Crowley, Otero, Bent.

### (c) Farms.

- (1) **Farm** means all adjacent or nearby farm land under the same ownership which is operated by one person, including also:

- (i) Any other adjacent or nearby farm land which the county committee, in accordance with instructions issued by the Agricultural Adjustment Administration, determines is operated by the same person as part of the same unit with respect to the rotation of crops and with workstock, farm machinery, and labor substantially separate from that for any other land, and

- (ii) Any field-rented tract (whether operated by the same or another person) which, together with any other land included in the farm, constitutes a unit with respect to the rotation of crops.

A farm shall be regarded as located in the county or administrative area, as the case may be, in which the principal dwelling is situated, or if there is no dwelling thereon, it shall be regarded as located in the county or administrative area, as the case may be, in which the major portion of the farm is located.

(2) **Non-corn-allotment farm** means a farm in the commercial corn-producing area (a) for which no corn acreage allotment is determined, or (b) for which a corn acreage allotment of 8 acres or less is determined and the persons having an interest in the corn planted on the farm elect, in accordance with instructions issued by the Agricultural Adjustment Administration, to have such farm considered as a non-corn-allotment farm.



(3) **Non-wheat-allotment farm** means (a) a farm for which no wheat acreage allotment is determined, (b) a farm for which a wheat acreage allotment of 8 acres or less is determined and the persons having an interest in the wheat planted on the farm elect, in accordance with instructions issued by the Agricultural Adjustment Administration, to have such farm considered as a non-wheat-allotment farm, or (c) a wind-erosion farm.

(4) **Non-general-allotment farm** means a farm in Area A for which a total soil-depleting acreage allotment (excluding the cotton acreage allotment) of 20 acres or less is determined and the persons having an interest in the general soil-depleting crops planted on the farm elect, in accordance with instructions issued by the Agricultural Adjustment Administration, to have such farm considered as a non-general-allotment farm.

(5) **Wind-erosion farm** means a farm, in an area designated by the Administrator as an area subject to wind erosion, which is owned or leased by a conservation district, an association determined by the State committee to have been organized for conservation purposes, or a State agency authorized by law to own or lease land for conservation or wind-erosion control purposes.

#### (d) Crops and land uses.—

(1) **Acreage planted to corn** means the acreage of land seeded to field corn, sweet corn, and popcorn, except (1) any acreage of sweet corn contracted to be sold for canning, (2) any acreage of sweet corn sold for canning or roasting ears, (3) any acreage of sweet corn to be sold or used as seed, (4) any acreage of popcorn sold or to be used as seed, (5) any acreage of sown or close-drilled corn used as a cover crop or green manure crop, and (6) any acreage of sweet corn or popcorn in home gardens for use on the farm.

(2) **Acreage planted to cotton** means the acreage of land seeded to cotton, the staple of which is normally less than  $1\frac{1}{2}$  inches in length, which reaches a stage of growth at which bolls are first formed.

(3) **Acreage planted to wheat** means (1) any acreage of land devoted to seeded wheat (except when such crop is seeded in a mixture containing less than 50 percent by weight of wheat, or containing 25 percent or more by weight of rye, barley, vetch or Austrian winter peas, and the seeding mixture may reasonably be expected to produce a crop containing such proportions of plants other than wheat that the crop could not be harvested as wheat for grain or seed) which is on the farm on or after December 15, 1938; (2) any acreage of land devoted to volunteer wheat which remains on the land until May 1 (April 15 in the Southern Region, New Mexico and Arizona, except in the later-maturing areas designated by the Administrator) 1939; and (3) any acreage of land which is seeded to a mixture containing wheat but the crops other than wheat fail to reach maturity and the wheat is harvested for grain or hay: *Provided*, That in any area designated by the State Committee, with the approval of the Administrator, as an area in which because of climatic or other uncontrollable causes producers, prior to December 15, 1938 and prior to planting time, did not have a reasonable opportunity to adjust their wheat acreage to their wheat acreage allotments there shall be excluded from the acreage planted to wheat any acreage of wheat which does not reach maturity and is disposed of in such manner as the Administrator finds carries out the purposes of the program: *Provided further*, That in no event shall the acreage regarded as planted to wheat be less than the acreage used in computing the final total insured production for adjusting losses with respect to crop insurance.

(4) **Soil-depleting acreage** means the acreage of land devoted during the 1939 crop year to one or more of the following crops or uses.

(i) Corn planted for any purpose except sown or close-drilled corn used as a cover crop or green manure crop and sweet corn or popcorn grown in home gardens for use on the farm.

(ii) Tobacco harvested for any purpose.<sup>1</sup>

(iii) Grain sorghums planted for any purpose except when a good stand or good growth of such crops is used as a green manure crop in areas in Texas designated by the Administrator as areas affected by cotton root rot.

(iv) Cotton which reaches the stage of growth at which bolls are first formed.

(v) Sugar beets planted or sugarcane grown for any purpose.

(vi) Rice planted for any purpose.

(vii) Peanuts harvested for nuts or dug for hay.

(viii) Broomcorn harvested for any purpose.

(ix) Mangels or cowbeets planted for any purpose.

(x) Potatoes planted for any purpose except when grown in home gardens for use on the farm.

(xi) Annual truck and vegetable crops planted for any purpose except when grown in home gardens for use on the farm.

(xii) Perennial truck and vegetable crops harvested for any purpose except when grown in home gardens for use on the farm.

(xiii) Commercial bulbs and flowers, commercial mustard, cultivated sunflowers, mint, safflower, or hemp harvested for any purpose.

(xiv) Field beans planted for any purpose.

(xv) Peas harvested for canning, freezing, or dried peas, except when grown in home gardens for use on the farm.

(xvi) Soybeans harvested for seed for crushing or used in any area in any other manner determined by the Administrator to be soil-depleting in such area.

(xvii) Flax planted for any purpose except when used as a nurse crop for biennial or perennial legumes or perennial grasses of which a good stand is established in 1939 or, in areas designated by the Administrator as areas where it is not practicable to use flax as a nurse crop, when matched acre for acre by a good stand of biennial or perennial

<sup>1</sup> Each acre of Georgia-Florida Type 62 tobacco shall be counted as  $\frac{3}{5}$  of an acre if (1) an average of at least four top leaves is left on each stalk on all of the acreage of Type 62 tobacco grown on the farm in 1939 and all such stalks are cut within 7 days after harvesting of the other leaves is completed and either left on the land for the remainder of 1939 or plowed under, and (2) a cover crop of sorghum, cowpeas, velvet beans, or crotalaria or any mixture of these, is seeded in 1939 on all land planted to Type 62 tobacco and a reasonably good stand and a good growth of such cover crop is attained and is plowed under or disced in before December 31, 1939, after it has attained at least 3 months' growth, provided such cover crop shall not be counted toward meeting the soil-building goal regardless of how used.

legumes seeded alone in 1939 or perennial grasses seeded alone after November 1, 1938 or in 1939: *Provided*, That in cases where a good stand of such legumes or grasses is not on the farm at the time of final checking of performance, a good stand of such legumes or grasses shall be considered as having been established if the county committee, pursuant to instructions issued by the Agricultural Adjustment Administration, finds that such legumes or grasses were seeded in workmanlike manner and (a) failure to secure and maintain a good stand was due to flood or drought conditions which prevented the establishment of a good stand on farms generally in the community, or (b) failure to have a good stand was due to grasshoppers or other insects and the farm operator has made every reasonable effort to prevent damage by such insects including in any event cooperation in the insect control programs of the Bureau of Entomology and Plant Quarantine in any area in which such programs are in effect.

(xviii) Wheat planted (or regarded as planted) for any purpose on a farm considered as an allotment farm with respect to wheat.

(xix) Wheat (on a non-wheat-allotment farm), oats, barley, rye, emmer, speltz, or mixtures of these crops harvested for grain.

(xx) Wheat on a non-wheat-allotment farm, oats, barley, rye, emmer, speltz, or mixtures of these crops (including mixtures containing wheat on any farm) harvested for hay except (1) when such crops are used as nurse crops for legumes or perennial grasses of which a good stand is established in 1939 and the nurse crop is cut green for hay, or (2) when such crops are grown in a mixture containing at least 25 percent by weight of winter legumes: *Provided*, That in cases where a good stand of such legumes or grasses is not on the farm at the time of final checking of performance, a good stand of such legumes or grasses shall be considered as having been established if the county committee, pursuant to instructions issued by the Agricultural Adjustment Administration, finds that such legumes or grasses were seeded in workmanlike manner and (a) failure to secure and maintain a good stand was due to flood or drought conditions which prevented the establishment of a good stand on farms generally in the community, or (b) failure to have a good stand was due to grasshoppers or other insects and the farm operator has made every reasonable effort to prevent damage by such insects including in any event cooperation in the insect control programs of the Bureau of Entomology and Plant Quarantine in any area in which such programs are in effect.

(xxi) Buckwheat, Sudan grass, or millet harvested for grain or seed or used in any area in any other manner determined by the Administrator to be soil-depleting in such area.

(xxii) Sweet sorghums, when harvested for any purpose in the East Central Region, in the North Central Region except South Dakota and Nebraska, and in Area B in the Southern Region; when harvested for grain, seed or sirup in the Western Region, in Area A in the Southern Region, and in Nebraska and South Dakota; and when harvested for silage in the commercial corn area in the States of Kansas, Nebraska, and South Dakota.

(xxiii) Land summer fallowed in the States of Washington, Oregon, Idaho, and Utah, except when such land is seeded in 1939 to a nondepleting crop approved by the Administrator.

(xxiv) Land summer fallowed in any area and not protected from wind and water erosion by methods approved by the State committee.

(xxv) Such other similar crops and uses as may be specified by the Administrator.

(7) General soil-depleting crops or general crops means all crops and land uses listed in the definition of soil-depleting acreage except sugar beets and sugarcane for sugar and the crops for which separate crop acreage allotments are established on the farm.

(8) Commercial vegetables means the acreage of vegetables or truck crops (including potatoes on farms where a potato acreage allotment is not established, sweetpotatoes, tomatoes, sweet corn, melons, cantaloupes, strawberries, commercial bulbs and flowers, but excluding peas for canning or freezing, sweet corn for canning, and artichokes for use other than as vegetables) of which the principal part of production is sold to persons not living on the farm: *Provided*, That in any county designated by the State committee, with the approval of the regional director, as a county in which substantially all tomatoes grown are produced for canning and it is administratively practicable to distinguish between tomatoes for canning and tomatoes for other purposes, tomatoes for canning shall not be classified as commercial vegetables.

(9) Peanuts for market means peanuts separated from the vines by mechanical means and from which the principal part of the production is sold to persons not living on the farm.

(10) Commercial orchards means the acreage in planted or cultivated fruit trees, nut trees, vineyards, hops, or bush fruits on the farm on January 1, 1939 (excluding non-bearing orchards and vineyards), from which the principal part of the production is normally sold.

#### (e) Miscellaneous.—

(1) Person means an individual, partnership, association, corporation, estate, or trust, and, wherever applicable, a State, a political subdivision of a State, or any agency thereof.

(2) Landlord or owner means a person who owns land and rents such land to another person or operates such land.

(3) Sharecropper means a person who works a farm in whole or in part under the general supervision of the operator and is entitled to receive for his labor a share of a crop produced thereon or the proceeds thereof.

(4) Tenant means a person other than a sharecropper who rents land from another person (for cash, a fixed commodity payment or a share of the proceeds of the crops) and is entitled under a written or oral lease or agreement to receive all or a share of the proceeds of the crops produced thereon, and, in the case of rice, also means a person furnishing water for a share of the rice.

(5) Cropland means farm land which in 1938 was tilled or was in regular rotation excluding restoration land and any land which constitutes or will constitute if such tillage is continued a wind-erosion hazard to the community and excluding also, except in the Southern Region, any land in commercial orchards.

(6) Restoration land means farm land, in areas designated by the Administrator as areas subject to serious wind erosion and areas containing large acreages unsuited to continued production of cultivated crops, which has been cropped at least once since January 1, 1930, and which is designated by the county committee as land on which, because of its physical



condition and texture and because of climatic conditions, a permanent vegetative cover should be restored.

(7) **Noncrop open pasture land** means pasture land (other than rotation pasture land and range land) on which the predominant growth is forage suitable for grazing and on which the number or grouping of any trees or shrubs is such that the land could not fairly be considered as woodland.

(8) **Special crop acreage allotment** means a corn, cotton, wheat, tobacco, rice, peanut, or potato acreage allotment.

(9) **Animal unit** means one cow, one horse, five sheep, or five goats, two calves, or two colts, or the equivalent thereof.

### Sec. 3.—NATIONAL AND STATE ACREAGE ALLOTMENTS AND GOALS

(a) **National goals.**—The national goals in connection with the 1939 program shall be:

(1) The following acreages of soil-depleting crops:

Cotton	27,000,000 to	29,000,000 acres
Corn	94,000,000 to	97,000,000 acres
Wheat	55,000,000 to	60,000,000 acres
Tobacco:		
Flue-cured	860,000 to	900,000 acres
Burley	375,000 to	410,000 acres
Fire-cured and dark air-cured	160,000 to	170,000 acres
Cigar filler and binder	85,000 to	90,000 acres
Georgia-Florida Type 62	2,000 to	3,000 acres
Potatoes	3,100,000 to	3,300,000 acres
Peanuts	1,550,000 to	1,650,000 acres
Rice	850,000 to	880,000 acres
Total soil-depleting crops	270,000,000 to	285,000,000 acres

(2) The conservation of the cropland not required in 1939 for the growing of soil-depleting crops, the restoration, insofar as is practicable, of a permanent vegetative cover on land unsuited to the continued production of cultivated crops; and the carrying out of soil-building practices that will conserve and improve soil fertility and prevent wind and water erosion.

(b) **National and State acreage allotments and restoration land goals.**

(1) **Cotton.**—The State acreage allotments of cotton are as follows:

State	Acre	State	Acre
Alabama	2,142,923	Missouri	379,280
Arizona	189,725	New Mexico	110,084
Arkansas	2,275,826	North Carolina	882,647
California	391,665	Oklahoma	2,114,164
Florida	77,570	South Carolina	1,270,644
Georgia	2,101,098	Tennessee	750,748
Illinois	4,900	Texas	9,599,032
Kansas	4,896	Virginia	50,840
Kentucky	17,844		
Louisiana	1,186,180	Total	26,115,804
Mississippi	2,570,238		

(2) **Corn.**—The State acreage allotments of corn for each State in the commercial corn-producing area and the total acreage allotment for such area are as follows:

State	Acre	State	Acre
Illinois	7,308,282	Ohio	2,646,953
Indiana	3,583,191	South Dakota	1,525,516
Iowa	9,274,903	Wisconsin	741,648
Michigan	411,092	Kansas	1,983,137
Minnesota	3,316,151	Kentucky	270,915
Missouri	3,301,517		
Nebraska	6,876,354	Total	41,239,659

(3) **Wheat.**—The national and State acreage allotments of wheat are as follows:

State	Acre	State	Acre
Alabama	4,734	New Jersey	46,924
Arizona	30,554	New Mexico	313,553
Arkansas	65,115	New York	218,158
California	626,306	North Carolina	363,117
Colorado	1,314,022	North Dakota	8,300,488
Delaware	68,405	Ohio	1,654,847
Georgia	123,630	Oklahoma	3,783,954
Idaho	895,549	Oregon	768,303
Illinois	1,789,192	Pennsylvania	772,759
Indiana	1,481,816	South Carolina	110,816
Iowa	589,177	South Dakota	2,943,821
Kansas	11,067,349	Tennessee	337,139
Kentucky	337,534	Texas	3,684,863
Maine	4,387	Utah	209,724
Maryland	350,926	Vermont	104
Michigan	669,954	Virginia	482,719
Minnesota	1,418,709	Washington	1,681,159
Mississippi	74	West Virginia	115,312
Missouri	1,705,277	Wisconsin	90,203
Montana	3,414,642	Wyoming	302,818
Nebraska	3,049,982		
Nevada	11,968	Total	55,000,000



(4) **Tobacco.**—The national and State acreage allotments of each kind of tobacco and the reserve for new farms and adjustments are as follows:

(i) **FLUE-CURED TOBACCO:**

<i>State</i>	<i>Acres</i>	<i>State</i>	<i>Acres</i>
Alabama-----	500	Virginia-----	90,000
Florida-----	14,600	Reserve for new farms	
Georgia-----	86,000	and adjustments-----	8,800
North Carolina-----	588,500		
South Carolina-----	96,000	United States-----	884,400

(ii) **BURLEY TOBACCO:**

<i>State</i>	<i>Acres</i>	<i>State</i>	<i>Acres</i>
Alabama-----	177	Oklahoma-----	6
Arkansas-----	67	South Carolina-----	112
Georgia-----	157	Tennessee-----	66,468
Illinois-----	45	Virginia-----	11,292
Indiana-----	11,112	West Virginia-----	4,345
Kansas-----	475	Reserve for new farms	
Kentucky-----	277,191	and adjustments-----	5,000
Missouri-----	6,094		
North Carolina-----	8,377	United States-----	405,000
Ohio-----	14,082		

(iii) **FIRE-CURED AND DARK AIR-CURED TOBACCO:**

<i>State</i>	<i>Acres</i>	<i>State</i>	<i>Acres</i>
Indiana-----	473	Virginia-----	24,001
Kentucky-----	83,578		
Missouri-----	100	United States-----	160,100
Tennessee-----	51,948		

(iv) **CIGAR-FILLER AND BINDER TOBACCO:**

<i>State</i>	<i>Acres</i>	<i>State</i>	<i>Acres</i>
Connecticut-----	12,051	Ohio-----	17,487
Illinois-----	20	Pennsylvania-----	26,532
Indiana-----	133	Vermont-----	35
Massachusetts-----	4,961	Wisconsin-----	24,887
Minnesota-----	760		
New Hampshire-----	47	United States-----	88,000
New York-----	1,087		

(v) **GEORGIA-FLORIDA TYPE 62 TOBACCO:**

<i>State</i>	<i>Acres</i>
Florida-----	2,349
Georgia-----	551
Reserve for new farms and adjustments-----	100
United States-----	3,000

(5) **Rice.**—The national and State acreage allotments of rice are as follows:

<i>State</i>	<i>Acres</i>	<i>State</i>	<i>Acres</i>
Arkansas-----	147,317	Texas-----	189,300
California-----	111,920		
Louisiana-----	412,039	Total-----	861,076
Missouri-----	500		

(6) **Restoration land goals.**—The national and State restoration land goals are as follows:

<i>State</i>	<i>Acres</i>	<i>State</i>	<i>Acres</i>
Colorado-----	1,050,000	Oklahoma-----	275,000
Kansas-----	925,000	South Dakota-----	825,000
Montana-----	825,000	Texas-----	550,000
Nebraska-----	400,000	Wyoming-----	125,000
New Mexico-----	200,000		
North Dakota-----	825,000	Total-----	6,000,000

## Sec. 4.—COUNTY ACREAGE ALLOTMENTS AND GOALS

The Agricultural Adjustment Administration with the assistance of State committees and the approval of the Secretary shall establish county acreage allotments and restoration land goals as hereinafter set forth. The soil-depleting acreage allotments for all counties in each State shall not exceed the applicable acreage allotment established for the State by the Secretary except as otherwise provided herein.

(a) **Total soil-depleting acreage allotment.**—County acreage allotments of total soil depleting crops shall be established by distributing the State acreage allotment of total soil-depleting crops among the counties in the State on the basis of the total soil-depleting acreage allotments established in connection with the 1938 Agricultural Conservation Program (hereinafter referred to as the 1938

program), with due allowance for trends in acreage of soil-depleting crops, changes in area designations and crop classifications, the acreage of food and feed crops needed for home consumption in the county, and the relationship of the special crop acreage allotments established for 1938 to the special crop acreage allotments established for 1939.

(b) **Cotton allotment.**—(1) County cotton acreage allotments shall be established as follows: The State acreage allotment of cotton (less 2 percent for use in making allotments to farms on which cotton will be planted in 1939 but on which cotton was not planted in any of the years 1936, 1937, and 1938) shall be prorated among the counties in the State on the basis of the acreage planted to cotton plus the acreage diverted from cotton under agricultural adjustment and conservation programs during the five years 1933 to 1937, inclusive: *Provided*, That there shall be added to the acreage allotment so determined for each county the number of acres, if any, required to provide an acreage allotment in such county of not less than 60 percent of the acreage planted to cotton in such county in 1937, plus 60 percent of the acreage diverted from cotton in the county under the 1937 Agricultural Conservation Program (hereinafter referred to as the 1937 program).

(2) If the Agricultural Adjustment Administration finds, because of differences in types, kinds and productivity of the soil or other conditions, there are one or more administrative areas in any county which should be treated separately in order to prevent discrimination, the county acreage allotment shall be apportioned pro rata among such administrative areas on the basis of the acreage planted to cotton in 1937 plus the acreage diverted from cotton under the 1937 program, or, if the Agricultural Adjustment Administration determines that conditions affecting the acreage planted to cotton were not reasonably uniform throughout the county in 1937, then on the basis of the cotton base acreages determined under the 1937 Cotton Price Adjustment Payment Plan. Allotments to the farms within each such administrative area shall be made in the manner provided in section 5 for the apportionment of county cotton acreage allotments among farms.

(c) **Corn allotment.**—County acreage allotments of corn for counties in the commercial corn-producing area shall be established by distributing the corn acreage allotment established for the commercial corn area within the State among such counties in such State pro-rata on the basis of the acreage seeded for the production of corn plus the acreage diverted from corn under the agricultural adjustment and conservation programs in such counties during the ten years, 1928 to 1937, inclusive, with adjustments for abnormal weather conditions and trends in acreage in accordance with a procedure approved by the Secretary.

(d) **Wheat allotment.**—County acreage allotments of wheat shall be established by distributing the State acreage allotment of wheat among the counties in such State pro rata on the basis of the acreage seeded for the production of wheat plus the acreage diverted under agricultural adjustment and conservation programs in such counties during the ten years, 1928 to 1937, inclusive, with adjustments for abnormal weather conditions and trends in acreage in accordance with a procedure approved by the Secretary.

(e) **Tobacco allotment.**—County acreage allotments for each kind of tobacco shall be established by distributing the State acreage allotment of such kind of tobacco among the counties in the State on the basis of the acreage allotments of such kind of tobacco established for such counties under the 1938 program, taking into consideration allotments for small farms, trends in acreage, and plant bed and other diseases.

(f) **Potato allotment.**—County acreage allotments of potatoes for counties in commercial potato-producing areas shall be established by distributing the State acreage allotment of potatoes among such counties in such State on the basis of the acreage allotments established under the 1938 program or, if counties are included for which acreage allotments were not established under the 1938 program, on the basis of the average acreage devoted to potatoes in such counties during the five years, 1933 to 1937, inclusive, taking into consideration trends in acreage on commercial potato-producing farms and also taking into consideration the acreage of potatoes on non-commercial potato-producing farms.

(g) **Peanut allotment.**—County acreage allotments of peanuts for market for counties in the commercial peanut-producing areas shall be established by distributing the State peanut acreage allotment among such counties in such State on the basis of the county acreage allotments established under the 1938 program,

or, if counties are included in 1939 for which peanut acreage allotments were not established under the 1938 program, on the basis of the base acreages for peanuts established under the 1937 program for the counties in the commercial peanut-producing area and the 1937 acreage of peanuts, taking into consideration trends in acreage on commercial peanut-producing farms.

(h) **Restoration land goal.**—County goals for restoration land shall be established by distributing the applicable State restoration land goal among the counties in the areas designated by the Administrator as areas subject to serious wind erosion and areas containing large acreages unsuited to continued production of cultivated crops, on the basis of the amount of land in such counties which was cropped at least once since January 1, 1930, but on which, because of its physical condition and texture and because of climatic conditions, a permanent vegetative cover should be restored.

(i) **Soil-building goal.**—Insofar as practicable, county goals shall be established for particular soil-building practices which are not routine farming practices and which are most needed in the county in order to conserve and improve soil fertility and to prevent wind and water erosion.

## Sec. 5.—FARM ACREAGE ALLOTMENTS AND GOALS

The county committee, with the assistance of other local committees in the county, shall establish acreage allotments, usual acreages, and goals in accordance with provisions contained herein and instructions issued by the Agricultural Adjustment Administration. Except as otherwise provided herein the soil-depleting acreage allotments established for the farms in a county shall not exceed the applicable county acreage allotments established for the county, and the sum of the acreage allotments for farms with respect to which allotments are established shall not exceed their proportionate share of the county acreage allotments.

(a) **Total soil-depleting acreage allotment.**—The total soil-depleting acreage allotment for any farm shall be determined on the basis of good soil management, tillable acreage on the farm, type of soil, topography, degree of erosion, the acreage of all soil-depleting crops customarily grown on the farm, and in areas where the Administrator finds it applicable, the acreage of food and feed crops needed for home consumption on the farm, taking into consideration special crop acreage allotments determined for the farm. The total soil-depleting acreage allotment for any farm shall be comparable with the allotments determined for other farms in the same community which are similar with respect to such factors. Total soil-depleting allotments will be established for all farms in Area A, farms for which a special crop acreage allotment is established in Area B in the Western and East Central Regions, and farms in Area B in the Southern Region, on which general crops or livestock are produced for market, and for which a special crop acreage allotment is established.

(b) **Cotton allotment.**—(1) County cotton acreage allotments shall be apportioned among the farms in the county on which cotton was planted in any one of the years 1936, 1937, and 1938 in a manner that will result in a cotton acreage allotment for each such farm which is a percentage (which shall be the same percentage for all farms in the county or administrative area) of the land in the farm in 1938 which was tilled annually or in regular rotation exclusive of the acres of such land normally devoted to the production of sugarcane for sugar, wheat, tobacco, or rice for market, or wheat or rice for feeding to livestock for market except that:

(i) For any such farm with respect to which the highest acreage planted to cotton and diverted from cotton under agricultural conservation programs in any one of the three years 1936, 1937, and 1938 is less than 5 acres the cotton acreage allotment for the farm shall be such highest number of acres if the county cotton acreage allotment is sufficient therefor;

(ii) For any such farm with respect to which the highest number of acres planted to cotton and diverted from cotton under agricultural conservation programs in any one of the three years 1936, 1937, and 1938 is 5 acres or more the allotment for the farm shall not be less than 5 acres if the county cotton acreage allotment is sufficient therefor;

(iii) Notwithstanding the foregoing provisions of this subparagraph (1), a number of acres equal to not more than 3 percent of the county acreage allotment in excess of the allotments made to farms on which the highest number of acres planted to cotton plus the acres diverted from cotton under agricultural conservation programs in any of the years 1936, 1937, and 1938, was less than 5 acres and the number of acres required for allotments of 5 acres for each other farm in the county on which cotton was planted in 1936, 1937, or 1938 may be apportioned among farms in the county on which cotton was planted in 1936, 1937, or 1938, and for which the allotment otherwise provided is 5 acres or more, but less than 15 acres and less than the highest number of acres planted to cotton and diverted from cotton under agricultural conservation programs in any one of the years 1936, 1937, and 1938.



In making such allotments under subdivision (iii) in this subparagraph consideration shall be given to the land, labor, and equipment available for the production of cotton, crop rotation practices, and the soil and other facilities affecting the production of cotton, and such increases shall not be such as to increase the allotment to any farm above 15 acres. In no event shall the allotment for any farm under this subparagraph (1) exceed the highest number of acres planted to cotton and diverted from cotton under agricultural conservation programs in any one of the three years 1936, 1937, and 1938.

(2) In case the county allotment is insufficient to provide allotments to farms in the county which are determined, under instructions issued by the Agricultural Adjustment Administration, to be adequate and representative in view of their past production of cotton and their tilled land, there shall be apportioned to such farms, under instructions issued by the Agricultural Adjustment Administration, such part of a State reserve equal to 4 percent of the State acreage allotment as is necessary to give such farms allotments in conformity with subparagraph (1) which are as nearly adequate and representative as such 4-percent reserve will permit. Such additional allotment shall be used first to increase allotments to farms under subdivisions (i) and (ii) of subparagraph (1).

(3) If the cotton acreage allotments for any farms are substantially smaller than the cotton acreage allotments which would have been made without regard to the provisions of subdivisions (i) and (ii) of subparagraph (1) above, the cotton acreage allotments for such farms shall be increased to the acreage which would have resulted in the absence of such provisions insofar as the remaining portion of the 4-percent State reserve will permit after making allotments under subparagraph (2) above.

(4) After allotments have been made from the 4-percent reserve as provided in paragraphs (2) and (3) above, one-half of the remainder, if any, of the 4-percent reserve shall be apportioned to farms for which the acreage allotment otherwise determined is less than 50 percent of the sum of the acreage planted in cotton in 1937 and the acreage diverted from cotton production in 1937 under the 1937 program, and the other one-half of the remainder, if any, of the 4-percent reserve shall be available for increasing the allotments for any farms which are determined in accordance with instructions issued by the Agricultural Adjustment Administration to be inadequate and not representative in view of past production on the farm: *Provided*, that the cotton acreage allotment for any farm shall not be increased under this paragraph (4) above the highest number of acres planted to cotton and diverted from cotton under agricultural conservation programs in any one of the three years 1936, 1937 and 1938 nor above 40 percent of the acreage on such farm which is tilled annually or in regular rotation.

(5) Notwithstanding the provisions of subparagraphs (1), (2), (3), and (4) above, the cotton acreage allotment for any farm shall be increased by such amount as may be necessary to provide an allotment of not less than 50 percent of the sum of the acreage as determined by the county committee to have been planted to cotton in 1937 and the acreage diverted from cotton under the 1937 program, *Provided*, That the cotton acreage allotment for any farm shall not be increased under this subparagraph to more than 40 percent of the acreage on such farm which is tilled annually or in regular rotation.

(6) That portion of the State acreage allotment not apportioned among the counties under section 4 (b) (1) shall be apportioned to farms in the State on which cotton will be planted in 1939 but on which cotton was not planted in any of the years 1936, 1937 and 1938, so as to result in comparable allotments to farms which are similar with respect to land, labor, and equipment available for the production of cotton, crop rotation practices, and the soil and other physical facilities affecting the production of cotton. The acreage on the farm which will be tilled in 1939 or was tilled in 1938 shall, as a reflection of the several factors to be taken into consideration, be regarded as the basic index of the farm's capacity for cotton production. The county committee shall report, through the State committee, to the Agricultural Adjustment Administration the acreage required for the allotments to such farms in the county together with such substantiating data as may be required by the Agricultural Adjustment Administration, and the Agricultural Adjustment Administration shall allot to the county the proportion of that part of the State acreage allotment reserved for this purpose which it finds reasonable on the basis of the data so reported.

(c) **Corn allotment.**—Acreage allotments of corn shall be determined for farms in the commercial corn-producing area on the basis of tillable acreage, crop rotation practices, type of soil and topography. The allotment for any farm

shall be comparable to the allotments recommended for other farms in the same community which are similar with respect to such factors. For any farm with respect to which a corn acreage allotment of 8 acres or less is determined and, in accordance with instructions issued by the Agricultural Adjustment Administration, the persons having an interest in the corn planted on the farm so elect, such farm shall be considered as a non-corn-allotment farm.

(d) **Wheat allotment.**—Acreage allotments of wheat shall be determined for farms on which wheat has been planted for harvest in one or more of the years 1936, 1937, and 1938, on the basis of tillable acreage and crop rotation practices as reflected in the usual acreage of wheat on the farm or the ratio of wheat acreage to cropland in the community or in the county, and on the basis of the type of soil and topography. Not more than 3 percent of the county wheat acreage allotment shall be apportioned to farms in such county on which wheat was not planted for harvest in any one of the three years 1936, 1937, and 1938, on the basis of tillable acreage, crop rotation practices, type of soil and topography. The wheat acreage allotment for any farm shall be comparable with the allotment determined for other farms in the same community which are similar with respect to such factors. Wheat acreage allotments for 1939 will be established for all farms on which 100 bushels or more are normally produced for market. In addition, in areas designated by the Administrator as areas in which practically all wheat planted is for market, wheat acreage allotments may be established for all farms: *Provided*, That no allotment will be established for farms with respect to which the allotment determined for the farm is or would be 8 acres or less and, in accordance with instructions issued by the Agricultural Adjustment Administration, the persons having an interest in the wheat planted on the farm elect to have such farm considered as a non-wheat-allotment farm; *And provided further*, That in no event, shall a wheat acreage allotment be established for a wind-erosion farm.

(e) **Tobacco allotment.**—Acreage allotments for each kind of tobacco shall be determined on the basis of past acreage and production of each kind of tobacco with due allowance for the effects of abnormal weather conditions and plant bed and other diseases; land, labor and equipment available for the production of tobacco; crop rotation practices; and the soil and other physical factors affecting the production of tobacco. The tobacco acreage allotment for any farm on which tobacco was grown in one or more of the years 1935 to 1938, inclusive, shall be comparable with the allotments for other farms in the same community which are similar with respect to such factors: *Provided*, That in the case of flue-cured, Burley and fire-cured and dark air-cured tobacco, special consideration shall be given to farms for which acreage allotments are small. The allotment for any farm on which tobacco is to be produced in 1939 for the first time since 1934 shall not exceed 75 percent of the allotment for other farms in the same community on which tobacco was produced since 1934 which are similar with respect to land, labor, and equipment available for the production of tobacco; crop rotation practices, and the soil and other physical factors affecting the production of tobacco.

(f) **Potato allotment.**—In counties included in the commercial potato-producing areas, potato acreage allotments shall be established for each farm for which the normal acreage of potatoes for market is determined to be three acres or more. Potato acreage allotments shall be established on the basis of good soil management, tillable acreage on the farm, type of soil, topography, production facilities, and the acreage of potatoes customarily grown on the farm. The potato acreage allotment for any farm shall be comparable with the allotments for other farms in the same community which are similar with respect to such factors.

(g) **Peanut allotment.**—In counties included in the commercial peanut-producing area peanut acreage allotments shall be determined on the basis of the acreage of peanuts for market customarily grown and the tillable acreage on the farm, taking into consideration other special crop acreage allotments established for the farm.

(h) **Rice allotment.**—(1) A rice acreage allotment shall be determined by State and county committees for each producer who is participating in the production of rice in 1939 and who participated in the production of rice in one or more of the five years, 1934 to 1938, inclusive, on the basis of the past production of rice adjusted to the acreage adapted to the production of rice, taking into consideration crop rotation practices, soil fertility, the acreage



diverted under previous agricultural adjustment and conservation programs, and other physical factors affecting the production of rice, including the labor and equipment available for the production of rice on the farm.

(2) An acreage not to exceed 3 percent of the State rice acreage allotment shall be apportioned among producers who are participating in the production of rice for the first time in 1939 since 1933 on the basis of the applicable standards of apportionment set forth in this paragraph (h): *Except* that the rice acreage allotment to any farm operated by any person(s) who is participating in the production of rice for the first time in 1939 since 1933 shall not exceed 75 percent of the rice acreage allotment that would have been made to the farm had such person(s) participated in the production of rice in one or more of the five years 1934 to 1938, inclusive.

(i) **Commercial vegetable allotment.**—In counties included in the commercial vegetable-producing areas commercial vegetable acreage allotments shall be established for each farm on which the average acreage of land planted to commercial vegetables in 1936 and 1937 was 3 acres or more. The commercial vegetable acreage allotment shall be the average acreage for 1936 and 1937 with adjustments for abnormal weather conditions and taking into consideration the tillable acreage on the farm, type of soil, and production facilities. The sum of the commercial vegetable acreage allotments established for such farms in a county shall not exceed the sum of the average annual acreages of land planted to commercial vegetables on such farms in 1936 and 1937, except upon approval of the Administrator where it is found that the acreage grown in 1936 and 1937 were substantially reduced because of abnormal weather conditions.

(j) **Usual acreage of wheat.**—Usual acreages of wheat shall be established for all farms (in the Southern and East Central Regions and in areas in the Western and Northeast Regions where wheat acreage allotments are established only for farms normally producing 100 bushels or more of wheat for market) for which a wheat acreage allotment is not established and on which the normal acreage of wheat for harvest as grain or hay is more than 8 acres. The usual acreage of wheat shall be determined on the basis of the past acreage with due allowance for the effects of abnormal weather conditions, tillable acreage, crop rotation practices, type of soil, and topography. The sum of the usual wheat acreages established for such farms in a county shall not exceed the sum of the 1937 acreages of wheat harvested for grain or hay on such farms, except upon approval by the Administrator, where it is found that the 1937 acreage was not representative because of abnormal weather conditions or marked shifts in cropping practices in the county.

(k) **Usual acreage of corn for grain.**—Usual acreages of corn for grain shall be established for all farms in Area C for which a special crop acreage allotment is established and on which the usual acreage of corn for grain is more than 8 acres. The usual acreage of corn for grain shall be determined on the basis of the average annual acreage of corn harvested for grain and diverted therefrom during the years 1936, 1937, and 1938, with adjustments for crop rotation practices. The sum of the usual acreages of corn for grain established for such farms in a county shall not exceed the sum of the average annual acreages of corn harvested for grain and diverted therefrom on such farms during the years 1936, 1937, and 1938.

(l) **Restoration land goal.**—Restoration land goals shall be determined on the basis of the land in the farm which was designated as restoration land under the 1938 program and any additional land in the farm which has been cropped at least once since January 1, 1930 but on which, because of its physical condition and texture and because of climatic conditions, a permanent vegetative cover should be restored.

(m) **Soil-building goal.**—The soil-building goal for any farm shall be one unit of soil-building practices for each \$1.50 of the payment computed for the farm under section 8 (k): *Provided*, That in counties in the special wind-erosion area the soil-building goal for any farm other than an irrigated farm shall not be less than one unit for each \$7.50 of the total payment computed for the farm under section 8, excluding any payment computed with respect to the restoration land goal: *And provided further*, That for any wind-erosion farm the soil-building goal shall not be less than one unit for each \$2.00 of the total payment computed for the farm under section 8 and the total payment computed for a wind-erosion farm under section 8 shall be considered as a payment in connection with soil-building practices. Insofar as practicable, the county committee shall determine for individual farms practices to be followed in meeting the goal which



are not routine farming practices on the farm, but which are needed on the farm in order to conserve and improve soil fertility and prevent wind and water erosion and which will tend to accomplish the goals, if any, established for the county with respect to particular soil-building practices.

## Sec. 6.—NORMAL YIELDS AND PRODUCTIVITY INDEXES

(a) **Normal yields of special soil-depleting crops.**—The county committee with the assistance of other local committees in the county shall determine for each farm for which a cotton, corn, wheat, rice, tobacco, peanut or potato acreage allotment is established or a deduction is computed a normal yield for each such crop in accordance with the provisions of this section and instructions issued by the Agricultural Adjustment Administration.

(1) **Cotton.**—(i) Where reliable records of the actual average yield of cotton per acre for the five years 1934 to 1938, inclusive, are presented by the farmer or are available to the committee, the normal yield for the farm shall be the average of such yields adjusted for abnormal weather conditions in accordance with instructions issued by the Agricultural Adjustment Administration.

(ii) If for any year of such five-year period records of the actual average yield are not available or there was no actual yield because cotton was not planted on the farm in such year, the normal yield for the farm shall be the yield which, on the basis of all available facts, including the yield customarily made on the farm, weather conditions, type of soil, drainage, production practices, and general fertility of the land, the county committee determines to be the yield which was or could reasonably have been expected on the farm for such five-year period.

(iii) The yields determined under subdivision (ii) of this sub-paragraph (1) shall be adjusted so that the average of the normal yields determined for all farms in the county or administrative area (weighted by the cotton acreage allotments established for such farms) shall conform to the county or administrative area average yield established by the Secretary.

(2) **Corn and wheat.**—(i) Where reliable records of the actual average yield per acre of corn for the ten years 1929 to 1938, or of wheat for the 10 years 1928 to 1937, as the case may be, are presented by the farmer or are available to the committee, the normal yield for the farm shall be the average of such yields adjusted for trends and abnormal weather conditions in accordance with instructions issued by the Agricultural Adjustment Administration.

(ii) If for any year of such ten-year period reliable records of the actual average yield are not available or there was no actual yield because the crop was not planted on the farm in such year, the normal yield for the farm shall be the yield which, on the basis of all the available facts, including the yield customarily made on the farm, weather conditions, type of soil, drainage, production practices, and general fertility of the land, the county committee determines to be the yield which was or could reasonably have been expected on the farm for such ten-year period. Where the productivity index most recently established for the farm in connection with the agricultural conservation programs is determined by the county committee to be an accurate reflection of the foregoing factors, the yield obtained by multiplying such index by the county average yield established by the Secretary shall be used as the normal yield for the farm.

(iii) The yields determined under subdivision (ii) of this sub-paragraph (2) shall be adjusted so that the average of the normal yields for all farms in the county (weighted by the respective corn or wheat acreage allotments established for such farms) shall conform to the county average yield established by the Secretary.

(3) **Rice.**—(i) Where reliable records of the actual average yield of rice per acre for the five years 1934 to 1938, inclusive, are presented by the farmer or are available to the committee, the normal yield of rice for the farm shall be the average of such yields.

(ii) If for any year of such five-year period records of the actual average yield are not available or there was no actual yield because rice was not planted on the farm in such year, the county committee shall ascertain from all the available facts, including the yield customarily made on the farm, weather conditions, type of soil, drainage, production practices, and general fertility of the land, the yield which was or could reasonably have been expected on the farm for

such year, and the yield so determined shall be used as the actual yield for such year under subdivision (i) of this sub-paragraph (3).

(iii) If the average of the normal yields for all farms participating in the 1939 program in the State (weighted by the rice acreage allotments therein) exceeds the average yield per acre for the State during the five years 1934 to 1938, inclusive, established by the Secretary, the normal yields for such farms, determined under subdivisions (i) and (ii) of this sub-paragraph (3) shall be reduced pro rata so that the average of such normal yields shall not exceed such State average yield.

(4) **Tobacco, peanuts and potatoes.**—The normal yield of tobacco, peanuts for market, or potatoes, as the case may be, for any farm shall be the yield which may reasonably be expected from the land devoted to the production of the crop in 1939 with due consideration for type of soil, production practices, general fertility of the land and the yield of such crop customarily made on the farm. The average yield for all farms in any county with respect to any such crop shall not exceed the county average yield for the crop established by the Secretary.

(b) **Productivity indexes.**—The Secretary shall establish for each county or portion of a county in Area A a county productivity index or per-acre rate which will vary among the counties as the productivity of the cropland in the county devoted to the production of general soil-depleting crops varies as compared with the productivity of cropland in the United States devoted to the production of such crops.

A productivity index or rate per acre shall be determined in accordance with instructions issued by the Agricultural Adjustment Administration for each farm in Area A by the county committee, subject to the approval of the State committee. Such productivity index or rate per acre shall be based upon the normal yield per acre for the farm of the major soil-depleting crop in the county as compared with the normal yield per acre for such crop in the county. Where the yield of the major soil-depleting crop in the county does not accurately reflect the productivity of a farm, the yield of a crop that reflects the productivity of the farm may be used, provided that the productivity index or rate per acre for such farm shall be adjusted, if necessary, so as to be fair and equitable as compared with the productivity indexes or rates per acre for other farms in the county having similar soils or productive capacity, and as contrasted with other farms in the county having different soils or productive capacity.

The average productivity index or per-acre rate for all farms for which productivity indexes or per-acre rates are determined in the county shall not exceed 100 or the county per-acre rate, respectively, unless it is determined that farms for which such indexes or rates per acre are established are not representative of all farms in the county and a variation from 100 or the county per-acre rate is approved by the Agricultural Adjustment Administration.

## Sec. 7.—SOIL-BUILDING PRACTICES

Such of the soil-building practices listed in the following schedule as the Administrator determines are adapted to any region and should be encouraged in such region shall count toward the achievement of the soil-building goal to the extent indicated therein when such practices are carried out under the provisions of the 1939 program during the period October 1, 1938, to December 31, 1939, inclusive, in areas designated by the Administrator and in accordance with specifications issued by the regional director or by the State committee with the approval of the regional director. The areas designated for any soil-building practice shall be areas in which such practice is desirable and necessary as a conservation measure. The specifications issued shall be such as to assure that the soil-building practice will be performed in workmanlike manner and in accordance with good farming practice for the locality.

Practices carried out with labor, seed, trees, and materials furnished entirely by any State or Federal agency other than the Agricultural Adjustment Administration shall not be counted toward the achievement of the soil-building goal. If a portion of the labor, seed, trees, or other materials used in carrying out any practice is furnished by a State or Federal agency other than the Agricultural Adjustment Administration and such portion represents one-half or more of the total cost of carrying out such practice, such practice shall not be counted toward the achievement of the soil-building goal; if such portion represents less than half of the total cost of carrying out such practice, one-half of such practice shall be counted toward the achievement of the soil-building goal: *Provided*, That labor, seed, trees, and materials furnished to a State, a



political subdivision of a State, or an agency thereof by an agency of the same State shall not be deemed to have been furnished by "any State . . . agency" within the meaning of this paragraph. No credit for meeting the soil-building goal shall be given for the planting and protection of forest trees planted under a cooperative agreement entered into with the Forest Service in connection with the Prairie States Forestry Project.

Full credit for meeting the soil-building goal will be given for any of the practices listed in the following schedule which are carried out under the Department's water facilities program if the entire cost of labor, materials and equipment used in carrying out such practices is paid by the owner or operator or covered by a loan agreement executed by him. If a portion of such cost is not paid by the owner or operator or covered by a loan agreement executed by him and such portion constitutes less than one-half of such cost, one-half credit will be given. If such portion constitutes one-half or more of such cost, no credit for meeting the soil-building goal will be given for such practices.

Wind-erosion control practices and restoration land measures carried out with the use of equipment furnished by the Soil Conservation Service on wind-erosion farms shall not (by virtue of the use of such equipment) be deemed to be paid for in whole or in part by a State or Federal agency.

Trees purchased from a Clark-McNary Cooperative State Nursery shall not be deemed to be paid for in whole or in part by a State or Federal agency.

The unit credits listed below are the maximum units allowable, and the credit for any practice included may be adjusted downward by the State committee with the approval of the Administrator.

#### SCHEDULE OF SOIL-BUILDING PRACTICES

(a) **Practice unit equivalent—one unit.**—Each of the following practices in the amounts specified shall be counted as one unit: *Provided*, That when the materials specified in subparagraphs (1), (2), or (3) of this paragraph are applied to biennial or perennial legumes, perennial grasses, winter legumes, lespedeza, crotalaria, annual ryegrass, or Natal grass seeded or grown in connection with a soil-depleting crop, only such proportionate part, if any, of the material applied shall be counted as is specified by the Agricultural Adjustment Administration.

(1) Application of 300 pounds of 16-percent superphosphate (or its equivalent) to, or in connection with the seeding of, perennial or biennial legumes, perennial grasses, winter legumes, lespedeza, crotalaria, annual ryegrass, Natal grass, or permanent pasture.

(2) Application of 200 pounds of 50-percent muriate of potash (or its equivalent) to, or in connection with the seeding of, perennial or biennial legumes, perennial grasses, winter legumes, lespedeza, crotalaria, annual ryegrass, Natal grass, or permanent pasture.

(3) Application of 500 pounds of basic slag or rock phosphate to, or in connection with the seeding of, perennial or biennial legumes, perennial grasses, winter legumes, lespedeza, crotalaria, annual ryegrass, Natal grass, or permanent pasture.

(4) Application of 300 pounds of gypsum containing 18-percent sulphur (or its sulphur equivalent).

(5) Reseeding depleted pastures or restoration land with good seed of adapted pasture grasses or legumes—10 pounds of seed.

(6) Contour ridging of noncrop open pasture land—750 linear feet of ridge or terrace.

(7) Application of one ton, air dry weight, of straw or equivalent mulching material, excluding barnyard and stable manure, in commercial orchards in areas designated by the regional director as areas in which straw normally costs more than \$5.00 per ton.

(8) Application of not less than two tons, air dry weight, of straw or equivalent mulching materials, excluding barnyard and stable manure, per acre in orchards or on commercial vegetable land.

(9) Application of the following quantities of ground limestone or its equivalent in areas designated by the Administrator as areas in which the average cost of ground limestone to farmers is:

(i) Not more than \$2.00 per ton-----	2, 000 lb.
(ii) More than \$2.00 but not more than \$3.00 per ton-----	1, 500 lb.
(iii) More than \$3.00 but not more than \$5.00 per ton-----	1, 000 lb.
(iv) More than \$5.00 per ton-----	600 lb.

(10) Natural reseeding of noncrop open pasture by nongrazing during the normal pasture season on an acreage equal to one-half of the number of acres of such pasture required to carry one animal unit for a 12-month period.

(11) Construction of 200 linear feet of standard terrace for which proper outlets are provided.

(12) Construction of reservoirs and dams—10 cubic yards of material moved in making the fill or excavation or 7 cubic feet of concrete or rubble masonry.

(13) Construction of concrete or rubble masonry check dams or drops and measuring weirs for the control of erosion, leaching and seepage of irrigated cropland and orchard land—7 cubic feet of concrete or rubble masonry (applicable only in arid and semi-arid areas).

(14) Construction of 300 linear feet of ditching with a depth of one foot and a top width of four feet, or the cubic equivalent thereof, for the diversion and spreading of



flood water or well water on restoration land, cropland, pasture land, or hay land (applicable only in arid and semi-arid areas).

(b) **Unit equivalents per acre—one unit.**—Each acre of the following shall be counted as one unit:

(1) Seeding biennial legumes, perennial legumes, perennial grasses (other than timothy or redtop) or mixtures (other than a mixture consisting solely of timothy and redtop) containing perennial grasses, perennial legumes, or biennial legumes (except any of such crops qualifying at a higher rate of credit under any other practice listed in this section 7).

(2) Seeding winter legumes, annual lespedeza, annual ryegrass, crotalaria, sesbania, or annual sweet clover.

(3) Green manure crops and cover crops (excluding (1) lespedeza, (2) any crop for which credit is given in 1939 under any other practice, (3) wheat on non-irrigated land except in humid areas designated by the Administrator, and (4) such other crops as may be determined as not qualifiable for any area by the Administrator) of which a good stand and good growth is (1) plowed or disced under on land not subject to erosion, or if subject to erosion, such crop is followed by a winter cover crop, or (2) left on land subject to erosion or in orchards or on commercial vegetable or potato land, or on such other land as is designated by the Administrator.

(4) Leveling of hummocks created by wind erosion, where such practice has prior approval of the county committee (applicable only on wind-erosion farms in the special wind-erosion area).

(c) **Unit equivalents per acre—two units.**—Each acre of the following shall be counted as two units:

(1) Seeding alfalfa.

(2) Seeding permanent grasses or pasture mixtures containing a full seeding of legumes or grasses, or both, other than timothy and redtop (applicable only to varieties and areas designated by the Administrator with respect to which the cost of establishing improved pastures is exceptionally high and their increase is important).

(3) Cultivating, protecting, and maintaining by replanting, if necessary, a good stand of forest trees, planted between July 1, 1935 and July 1, 1939.

(4) With prior approval of the county committee improving a stand of forest trees under such approved system of farm woodlot management as is specified by the Agricultural Adjustment Administration.

(d) **Unit equivalents per acre—three units.**—Each acre of the following shall be counted as three units:

(1) Establishment of a permanent vegetative cover by planting sod pieces of perennial grasses.

(e) **Unit equivalents per acre—four units.**—Each acre of the following shall be counted as four units:

(1) Establishment of a permanent vegetative cover by planting crowns of kudzu.

(f) **Unit equivalents per acre—five units.**—Each acre of the following shall be counted as five units:

(1) Planting forest trees (including shrubs in protective plantings) provided such trees are protected and cultivated in accordance with good tree culture practice.

(2) Control of seriously infested plots of perennial noxious weeds, designated by the Administrator, on cropland, orchard land, or noncrop pasture land, in organized weed control districts, in accordance with good chemical or tillage methods.

(3) Applying sand free from stones or loam to a depth of at least one-half inch on fruiting cranberry bogs.

(g) **Acre equivalents per unit—two acres.**—Each two acres of the following shall be counted as one unit:

(1) Summer legumes not classified as soil-depleting (interplanted or grown in combination with soil-depleting crops) of which a good stand and a good growth is obtained and is not harvested.

(2) Renovation of perennial legumes and mixtures of perennial grasses and legumes.

(3) Seeding timothy or redtop or a mixture consisting solely of timothy and redtop.

(4) Protecting muck land subject to serious wind erosion by establishing or maintaining approved shrub windbreaks.

(h) **Acre equivalents per unit—four acres.**—Each four acres of the following shall be counted as one unit:

(1) Leaving on the land as a protection against wind erosion (only in wind-erosion areas which will be designated by the Administrator) the stalks of sorghums (including broom-corn or Sudan grass, classified as soil-depleting) where it is determined by the county committee that such cover is necessary as a protection against wind erosion and the operator's farming plan provides that such cover will be left on the land until the spring of 1940.

(2) Restoration of farm woodlots, normally over-grazed, by nongrazing during the normal pasture season. Credit will not be allowed for more than two acres of woodland for each animal unit normally grazed on such woodland.

(3) Contour listing, deep or shallow subsoiling, or furrowing noncrop land (the acreage of this practice shall be computed on the basis of the area so handled, each furrow or strip being considered to occupy an area not in excess of one-half rod in width).

(4) Stripcropping including protection of summer fallow by means of stripfallowing.

(5) Protecting summer-fallowed acreage from wind and water erosion by contour listing, pit cultivation, or incorporating stubble and straw into the surface soil. No credit will be given for this practice on any farm when carried out on light sandy soils or on soils in any area where destruction of the vegetative cover results in the land becoming subject to serious wind erosion.

(i) **Acre equivalents per unit—six acres.**—Each six acres of the following shall be counted as one unit in the special wind-erosion area :

(1) Contour listing except when carried out on protected summer-fallowed acreage or as a part of a seeding operation.

(j) **Acre equivalents per unit—eight acres.**—Each eight acres of the following shall be counted as one unit :

(1) Contour farming intertilled crops.

(2) Contour listing except when carried out on protected summer-fallowed acreage or as a part of a seeding operation.

(3) Pit cultivation, pits to be at least four inches in depth below surface of soil and constructed so that surface of pit covers at least 25 percent of the ground surface (applicable only in the special wind-erosion area). No credit will be given for this practice when carried out on protected summer-fallowed acreage or as a part of a seeding operation.

(k) **Acre equivalents per unit—ten acres.**—Each ten acres of the following shall be counted as one unit :

(1) Contour seeding of small-grain crops.

(2) Pit cultivation, pits to be at least four inches in depth below surface of soil and constructed so that surface of pit covers at least 25 percent of the ground surface. No credit will be given for this practice when carried out on protected summer-fallowed acreage or as a part of a seeding operation.

(3) Natural vegetative cover or small-grain stubble of crops harvested in 1939 left on cropland not tilled after July 1, 1939 where it is determined by the county committee that such cover is necessary as a protection against wind erosion and the operator's farming plan provides that such cover will be left on the land until the spring of 1940. This practice is applicable only in the special wind-erosion area. No credit will be given for this practice on any wind erosion farm except on land on which contour listing (practice (i) (1)) is carried out prior to May 1, 1939 and a good vegetative growth is obtained following the carrying out of such practice.

(4) Contour cultivation with a shallow furrowing or shovel-type implement following small-grain crop harvested in 1939, furrows being not more than 20 inches apart (applicable only in the special wind erosion area).

(l) **Acre equivalents per unit—three acres.**—Each three acres of the following shall be counted as one unit in the special wind-erosion area :

(1) Leaving on the land as a protection against wind erosion the stalks of sorghums (including broomcorn or Sudan grass, classified as soil-depleting) where it is determined by the county committee that such cover is necessary as a protection against wind erosion, and the operator's farming plan provides that such cover will be left on the land until the spring of 1940.

## Sec. 8.—PAYMENT FOR FULL PERFORMANCE

Payment will be made with respect to any farm for not exceeding soil-depleting acreage allotments, and for achieving soil-building and restoration land goals in an amount which shall be the sum of the following.

(a) **Cotton.**—2 cents per pound of the normal yield per acre of cotton for the farm for each acre in the cotton acreage allotment.

(b) **Corn.**—9 cents per bushel of the normal yield per acre of corn for the farm for each acre in the corn acreage allotment.

(c) **Wheat.**—17 cents per bushel of the normal yield per acre of wheat for the farm for each acre in the wheat acreage allotment.

(d) **Tobacco.**—The following number of cents per pound of the normal yield per acre of tobacco for the farm for each acre in the tobacco acreage allotment for each of the following kinds of tobacco :

(1) Burley	0.8 cent
(2) Flue-cured	0.8 cent
(3) Fire-cured and dark air cured	1.4 cents
(4) Cigar filler and binder (except Type 45)	1.0 cent
(5) Georgia-Florida Type 62	1.5 cents

(e) **Potatoes.**—3 cents per bushel of the normal yield per acre of potatoes for the farm for each acre in the potato acreage allotment.

(f) **Peanuts.**—\$3.00 per ton of the normal yield per acre of peanuts for the farm for each acre in the peanut acreage allotment.

(g) **Rice.**—10 cents per 100 pounds of the normal yield per acre of rice for the farm for each acre in the rice acreage allotment.

(h) **Commercial vegetables.**—\$1.50 for each acre in the commercial vegetable acreage allotment established for the farm.



(i) **General soil-depleting crops.**—(Farms in Area A except non-general allotment farms.) \$1.10 per acre adjusted for productivity for each acre in the total soil-depleting acreage allotment established for the farm in excess of the sum of (1) the acreages used in computing payments with respect to the special crop and commercial vegetable acreage allotments established for the farm; and (2) the acreage of sugar beets for sugar planted on the farm in 1939.

(j) **Restoration land goal.**—50 cents per acre for each acre of restoration land established for the farm.

(k) **Payments in connection with soil-building practices.**—(1) 50 cents per acre of cropland in the farm in excess of the total soil-depleting acreage allotment for the farm (applicable only to farms in Area A).

(2) \$2.00 per acre of commercial orchards on the farm January 1, 1939, except that in the Southern Region (where the commercial orchard acreage is not excluded from the acreage of cropland) the rate shall be \$1.50 per acre.

(3) (i) 2 cents per acre of noncrop open pasture land in the farm, plus \$1.00 for each animal unit of grazing capacity (on a 12-month basis) of such pasture in the North Central Region, Kansas, California, Oklahoma and Texas: *Provided*, That for any county or group of counties where the grazing capacity of the noncrop open pasture land is reasonably uniform, such payment may, upon approval of the Administrator, be computed at a flat rate per acre of noncrop open pasture land, such rate to be not greater than the average amount of payment per acre of noncrop pasture land determined for such county or group of counties on the basis of the foregoing rate.

(ii) 3 cents per acre of noncrop open pasture land plus 75 cents for each animal unit of grazing capacity (on a 12-month basis) of such pasture, in North Dakota, Montana, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Idaho, Oregon, and Washington: *Provided*, That for any county or group of counties where the grazing capacity of the noncrop open pasture land is reasonably uniform, such payment may, upon approval of the Administrator, be computed at a flat rate per acre of noncrop open pasture land, such rate to be not greater than the average amount of payment per acre of noncrop pasture land determined for such county or group of counties on the basis of the foregoing rate.

(iii) 25 cents per acre of fenced noncrop open pasture land in excess of one-half of the number of acres of cropland in the farm which is capable of maintaining during the normal pasture season at least one animal unit for each 5 acres of such pasture land, in the East Central Region and in States other than Texas and Oklahoma in the Southern Region.

(iv) 40 cents per acre of fenced noncrop open pasture land, in excess of one-half of the number of acres of cropland in the farm, which is capable of maintaining during the normal pasture season at least one animal unit for each 5 acres of such pasture land, in the Northeast Region.

(4) 70 cents per acre of cropland in excess of the sum of (1) the special crop acreage allotments established for the farm, and (2) the acreage of sugar beets for sugar planted, and sugarcane for sugar grown, on the farm in 1939 (applicable only to farms in Area B and Area C).

(5) 70 cents for each acre in the commercial vegetable acreage allotment established for the farm, (applicable only to farms in commercial vegetable-producing areas in Area A).

(6) \$1.10 per acre, adjusted for productivity, for each acre in the total soil-depleting acreage allotment established for the farm in excess of the sum of (1) the special crop and commercial vegetable acreage allotments established for the farm, and (2) the acreage of sugar beets for sugar planted on the farm in 1939 (applicable only to non-general-allotment farms in Area A).

(1) **Hurricane damaged woodland.**—Payment will be made at the rate of \$4.00 per acre of woodland on the farm, which constitutes a serious fire hazard as a result of hurricane damage, for eliminating such hazard, improving the remaining stand of trees, and providing for the restoration of a full stand, provided such work is done with the prior approval of the county committee and in accordance with such approved system of farm woodlot management as is specified by the Agricultural Adjustment Administration. Woodland on which payment is made hereunder shall not be eligible for practice (4) of Section 7 (c) and payment hereunder shall not exceed \$60.00 for any farm. This practice is applicable only to farms in New Hampshire, Massachusetts (except Barnstable and Berkshire Counties), Rhode Island, Connecticut (except Fairfield and Litchfield Counties), Nassau and Suffolk Counties of New York, Cumberland, Oxford, and York Counties of Maine, and Caledonia, Chittenden, Essex, Franklin, Lamoille, Orange, Orleans, Washington, Windham, and Windsor Counties of Vermont.



### Sec. 9.—PAYMENTS FOR PARTIAL PERFORMANCE

Payments computed for any farm under the provisions of section 8 shall be subject to all the following deductions which are applicable to the farm.

(a) **Cotton.**—4 cents per pound of the normal yield for the farm for each acre planted to cotton in excess of the cotton acreage allotment established for the farm.

(b) **Corn.**—(i) (Farms in the commercial corn-producing area, except non-corn-allotment farms) 40 cents per bushel of the normal yield for the farm for each acre planted to corn in excess of the corn acreage allotment.

(ii) (Non-corn-allotment farms in the commercial corn-producing area) 40 cents per bushel of the normal yield for the farm for each acre planted to corn in excess of 8 acres.

(iii) (Farms in Area C for which a special crop acreage allotment is established) \$10.00 per acre for each acre of corn harvested for grain in excess of the larger of the usual acreage of corn for grain established for the farm or 8 acres.

(c) **Wheat.**—(i) (Farms in the North Central Region and in areas in the Western and Northeast Regions where wheat acreage allotments may be established for all farms) 50 cents per bushel of the normal yield for the farm for each acre planted to wheat in excess of the wheat acreage allotment or, if the farm is a non-wheat-allotment farm, for each acre of wheat classified as soil-depleting acreage under section 2 (d) (4) (xix) and (xx) in excess of 8 acres.

(ii) (Farms in the Southern and East Central Regions and in areas in the Western and Northeast Regions where wheat acreage allotments are established only for farms normally producing 100 bushels or more of wheat for market) 50 cents per bushel of the normal yield for the farm for each acre planted to wheat in excess of the wheat acreage allotment or, if the farm is a non-wheat-allotment farm, for each acre of wheat classified as soil-depleting acreage under section 2 (d) (4) (xix) and (xx) in excess of the larger of (1) eight acres, or (2) the usual acreage of wheat established for the farm.

(d) **Tobacco.**—(i) 2 cents per pound of the normal yield for the farm for each acre of Burley, flue-cured, fire-cured and dark air-cured, or cigar filler and binder (except Type 45) tobacco harvested in excess of the applicable tobacco acreage allotment established for the farm but not in excess of 110 percent of such allotment or not in excess of such allotment plus one-tenth of an acre, whichever is greater.

(ii) 8 cents per pound of the normal yield for the farm for each acre of Burley, flue-cured, fire-cured and dark air-cured or cigar filler and binder (except Type 45) tobacco harvested in excess of 110 percent of the applicable tobacco acreage allotment established for the farm or harvested in excess of such applicable tobacco acreage allotment plus one-tenth of an acre, whichever is greater.

(iii) 8 cents per pound of the normal yield for the farm for each acre of Georgia-Florida Type 62 tobacco harvested in excess of the Georgia-Florida Type 62 tobacco acreage allotment established for the farm.

(e) **Potatoes.**—(i) (Farms for which potato acreage allotments are established) 30 cents per bushel for the normal yield for the farm for each acre planted to potatoes in excess of the potato acreage allotment.

(ii) (Farms for which potato acreage allotments are not established in commercial potato-producing areas which are not also commercial vegetable-producing areas) 30 cents per bushel of the normal yield for the farm for each acre planted to potatoes for market in excess of 3 acres.

(f) **Peanuts.**—(Farms in commercial peanut-producing areas) \$25.00 per ton of the normal yield for the farm for each acre of peanuts for market in excess of the peanut acreage allotment established for the farm.

(g) **Rice.**—80 cents per 100 pounds of the normal yield for the farm for each acre planted to rice in excess of the rice acreage allotment established for the farm.

(h) **Commercial vegetables.**—(Farms in commercial vegetable-producing areas) \$20.00 per acre for each acre of land planted to commercial vegetables in excess of the larger of the commercial vegetable acreage allotment established for the farm or 3 acres.

(i) **General soil-depleting crops.**—(i) (Farms in Area A, except non-general-allotment farms) \$8.00 per acre, adjusted for productivity, for each acre of the soil-depleting acreage in excess of the total soil-depleting acreage allotment established for the farm plus the acreages with respect to which deductions are computed under paragraphs (a) to (h), inclusive, of this section 9.

(ii) (Non-general-allotment farms in Area A) \$8.00 per acre adjusted for productivity for each acre of the soil-depleting acreage in excess of the sum of (1) 20 acres, (2) the cotton acreage allotment established for the farm and (3) the acreages with respect to which deductions are computed under paragraphs (a) to (h), inclusive, of this section 9.

(iii) (Farms in Area B for which a total soil-depleting acreage allotment is established) \$5.00 for each acre classified as soil-depleting in excess of the larger of (1) the total soil-depleting acreage allotment established for the farm plus the acreages with respect to which deductions are computed under paragraphs (a) to (h), inclusive, of this section 9, or (2) the acreages on which cotton is planted or tobacco is harvested, plus 20 acres.

(j) **Soil-building goal.**—\$1.50 for each unit by which the soil-building goal is not reached.

(k) **Restoration land goal.**—\$1.00 for each acre of restoration land on which there are not carried out in 1939 conservation measures specified by the county committee in accordance with instructions issued by the Agricultural Adjustment Administration.

(l) **Cropping restoration land.**—\$3.00 for each acre designated in 1938 or 1939 as restoration land which is plowed or tilled in 1939 for any purpose other than tillage practices to protect the land from wind erosion or tillage operations necessary for the seeding of an approved nondepleting cover crop of which the entire growth is left on the land.

(m) **Failure to prevent wind and water erosion.**—\$1.00 for each acre of land other than restoration land in an area designated by the Administrator as subject to serious wind and water erosion hazards with respect to which there are not adopted in 1939 methods recommended by the county committee and approved by the State committee for the prevention of wind and water erosion: *Provided*, That in Stanton County, Kansas, the rate shall be 25 cents per acre each time wind erosion control methods recommended by the county committee are not carried out in 1939 by the date specified by the committee.

(n) **Breaking out native sod.**—In areas designated by the Administrator as being areas subject to serious wind erosion or areas containing large acreages unsuited to continuing production of cultivated crops, \$3.00 for each acre of native sod or any other land on which a permanent vegetative cover has been established, broken out during the period November 1, 1938, to October 31, 1939, inclusive, less the acreage broken out with the approval of the county committee as a good farming practice for which an acreage of cropland other than restoration land is restored to permanent vegetative cover.

## Sec. 10.—DIVISION OF PAYMENTS AND DEDUCTIONS

(a) **Payments and deductions in connection with commercial vegetables, general soil-depleting crops, crops for which special crop acreage allotments are established, and restoration land goals.**—(1) The net payment or net deduction computed for any farm with respect to commercial vegetables, general soil-depleting crops, or any crop for which a special acreage allotment is established, shall be divided among the landlords, tenants, and sharecroppers in the same proportion (as indicated by their acreage shares expressed in terms of either acreages or percentages) that such persons are entitled, as of the time of harvest, to share in the proceeds (other than a fixed commodity payment) of such crop(s) grown on the farm in 1939: *Provided*, That if any such crop(s) is not grown on the farm in 1939 or the acreage of such crop(s) is substantially reduced by flood, hail, drought, insects, or plant-bed diseases, the net payment or net deduction computed for such crop(s) shall be divided among the landlords, tenants, and sharecroppers in the proportion that the county committee determines such persons would have been entitled to share in the proceeds of such crop(s) if the entire acreage in the acreage allotment for such crop(s) had been planted and harvested in 1939: *Provided further*, That, in cases where two or more separately owned tracts of land comprise a farm in areas designated by the Administrator as areas in which a substantial proportion of the farms comprise two or more separately owned tracts of land, upon the written agreement of all persons who are entitled to receive a share of the proceeds of any such crop(s) the share of each such person in the net payment or net deduction computed with respect to such crop(s) on such farm shall be that indicated in such written agreement by each such person as that share which fairly reflects the contribution of each such person to performance with respect to such crop(s) and

also results substantially in a division of such payment or deduction among landlords, tenants, and sharecroppers as classes as each such class shares in the crop, or proceeds thereof, with respect to which the payment or deduction is being made.

2. The net payment or net deduction computed with respect to the restoration land goal for any farm shall be divided equally between the owners and operators thereof unless the county committee determines that the owners and operators thereof did not contribute equally to the acreage in the restoration land goal and to the carrying out of restoration land measures thereon, in which event such payment or deduction shall be divided in the proportion that the county committee determines that such owners and operators contributed to the acreage in the restoration land goal and to the carrying out of restoration land measures thereon.

(3) In computing such net payments and such net deductions with respect to acreage allotments, general crops and restoration land goals; the deduction with respect to (1) corn for grain in Area C, (2) total soil-depleting crops in Area B, (3) failure to prevent wind and water erosion, (4) cropping restoration land, (5) breaking out of native sod, and (6) any net deduction computed with respect to the soil-building goal, shall be regarded as deductions with respect to general crops in Area A and shall be regarded as pro rata deductions with respect to the payments computed in connection with crop acreage allotments in Areas B and C.

(b) **Payments in connection with soil-building practices.**—The amount of net payment earned in connection with the soil-building goal for the farm shall be made to the landlord, tenant, or sharecropper who carried out the soil-building practices. If the county committee determines that more than one such person contributed to the carrying out of soil-building practices on the farm in 1939, such payment shall be divided in the proportion that the units contributed by each such person to such practices bears to the total units of such practices carried out on the farm in 1939. All persons contributing to the carrying out of any soil-building practice on a particular acreage shall be deemed to have contributed equally to the units of such practice unless such persons establish to the satisfaction of the county committee that their respective contributions thereto were not in equal proportion, in which event such units shall be divided in the proportion which the county committee determines each such person contributed thereto.

(c) **Proration of net deductions.**—If the sum of the net payments computed for all persons on a farm exceeds the sum of the net deductions computed for all persons on such farm, the sum of the net deductions computed for all persons on such farm shall be prorated among the persons on such farm for whom a net payment is computed, on the basis of such computed net payments. If the sum of the net deductions computed for all persons on a farm equals or exceeds the sum of the net payments computed for all persons on such farm, no payment will be made with respect to such farm and the amount of such net deductions in excess of the net payments shall be prorated among the persons on such farm for whom a net deduction is computed, on the basis of such computed net deductions.

## Sec. 11.—INCREASE IN SMALL PAYMENTS

The total payment computed under Sec. 8 to 10, inclusive, for any person with respect to any farm shall be increased as follows:

- (1) Any payment amounting to 71 cents or less shall be increased to \$1.00;
- (2) Any payment amounting to more than 71 cents but less than \$1.00 shall be increased by 40 percent;
- (3) Any payment amounting to \$1.00 or more shall be increased in accordance with the following schedule:



Amount of payment computed	Increase in pay- ment	Amount of payment computed	Increase in pay- ment
\$1.00 to \$1.99	\$0.40	\$32.00 to \$32.99	\$10.40
\$2.00 to \$2.99	.80	\$33.00 to \$33.99	10.60
\$3.00 to \$3.99	1.20	\$34.00 to \$34.99	10.80
\$4.00 to \$4.99	1.60	\$35.00 to \$35.99	11.00
\$5.00 to \$5.99	2.00	\$36.00 to \$36.99	11.20
\$6.00 to \$6.99	2.40	\$37.00 to \$37.99	11.40
\$7.00 to \$7.99	2.80	\$38.00 to \$38.99	11.60
\$8.00 to \$8.99	3.20	\$39.00 to \$39.99	11.80
\$9.00 to \$9.99	3.60	\$40.00 to \$40.99	12.00
\$10.00 to \$10.99	4.00	\$41.00 to \$41.99	12.10
\$11.00 to \$11.99	4.40	\$42.00 to \$42.99	12.20
\$12.00 to \$12.99	4.80	\$43.00 to \$43.99	12.30
\$13.00 to \$13.99	5.20	\$44.00 to \$44.99	12.40
\$14.00 to \$14.99	5.60	\$45.00 to \$45.99	12.50
\$15.00 to \$15.99	6.00	\$46.00 to \$46.99	12.60
\$16.00 to \$16.99	6.40	\$47.00 to \$47.99	12.70
\$17.00 to \$17.99	6.80	\$48.00 to \$48.99	12.80
\$18.00 to \$18.99	7.20	\$49.00 to \$49.99	12.90
\$19.00 to \$19.99	7.60	\$50.00 to \$50.99	13.00
\$20.00 to \$20.99	8.00	\$51.00 to \$51.99	13.10
\$21.00 to \$21.99	8.20	\$52.00 to \$52.99	13.20
\$22.00 to \$22.99	8.40	\$53.00 to \$53.99	13.30
\$23.00 to \$23.99	8.60	\$54.00 to \$54.99	13.40
\$24.00 to \$24.99	8.80	\$55.00 to \$55.99	13.50
\$25.00 to \$25.99	9.00	\$56.00 to \$56.99	13.60
\$26.00 to \$26.99	9.20	\$57.00 to \$57.99	13.70
\$27.00 to \$27.99	9.40	\$58.00 to \$58.99	13.80
\$28.00 to \$28.99	9.60	\$59.00 to \$59.99	13.90
\$29.00 to \$29.99	9.80	\$60.00 to \$185.99	14.00
\$30.00 to \$30.99	10.00	\$186.00 to \$199.99	( <sup>1</sup> )
\$31.00 to \$31.99	10.20	\$200.00 and over	( <sup>2</sup> )

<sup>1</sup> Increase to \$200.00.<sup>2</sup> No increase.

### Sec. 12.—PAYMENTS LIMITED TO \$10,000

The total of all payments made in connection with programs for 1939 under section 8 of the Soil Conservation and Domestic Allotment Act to any individual, partnership, or estate with respect to farms, ranching units, and turpentine places located within a single State, territory, or possession, shall not exceed the sum of \$10,000. The total of all payments made in connection with programs for 1939 under section 8 of the Soil Conservation and Domestic Allotment Act to any person other than an individual, partnership, or estate with respect to farms, ranching units, and turpentine places in the United States (including Alaska, Hawaii, and Puerto Rico) shall not exceed the sum of \$10,000.

All or any part of any payment which has been or otherwise would be made to any person under the 1939 program may be withheld or required to be returned if he has adopted or participated in adopting any scheme or device, including the dissolution, reorganization or formation of any corporation, partnership, estate, trust, or by any other means, which was designed to evade, or would have the effect of evading, the provisions of this section.

### Sec. 13.—DEDUCTIONS INCURRED ON OTHER FARMS

(a) **Other farms in the same county.**—If the deductions computed under section 9 with respect to any farm in a county exceed the payment for full performance on such farm computed under section 8, a landlord's or tenant's share of the amount by which such deduction exceeds such payments shall be deducted from such landlord's or tenant's share of the payment which would otherwise be made to him with respect to any other farms in such county.

(b) **Other farms in the State.**—If the deductions computed for a landlord or tenant with respect to one or more farms in a county exceed the payments computed for such landlord or tenant on other farms in such county, the amount of such excess deductions shall be deducted from the payments computed for such landlord or tenant with respect to any other farms in the State if the State committee finds that the crops grown and practices adopted on the farm with respect to which such deductions are computed substantially offset the contribution to the program made on such other farms.

#### Sec. 14.—DEDUCTION FOR ASSOCIATION EXPENSES

There shall be deducted pro rata from the payments with respect to any farm all or such part as the Secretary may prescribe of the estimated administrative expenses incurred or to be incurred by the county agricultural conservation association in the county in which the farm is located.

#### Sec. 15.—MATERIALS FURNISHED AS GRANTS OF AID

Wherever it is found practicable limestone, superphosphate, trees, seeds, and other materials, upon request of the producer, may be furnished by the Agricultural Adjustment Administration as grants of aid to be used in carrying out approved soil-building practices which shall be counted toward meeting the soil-building goal for the farm. Wherever such materials are furnished, a deduction from the payment for the farm shall be made in the amount of the approximate average cost of such material to the Agricultural Adjustment Administration in the county, State, or other area. Such deduction shall be applied first to the payment computed for the person to whom such materials are furnished, and the balance, if any, of such deduction shall be prorated among the payments to other persons sharing in the payment with respect to the farm for which such materials were obtained or on which they were used. Material shall only be furnished pursuant to a producers' request and agreement upon a form prescribed by the Agricultural Adjustment Administration. Such agreement shall provide that (1) in the event the amount of deduction for materials exceeds the amount of the payment with respect to the farm the amount of such difference shall be paid by the producer to the Secretary; (2) if the producer uses the materials in a manner which is not in substantial accord with the purposes for which such materials are furnished, the deduction with respect to the materials misused shall be twice the regular rate of deduction in order to compensate the Government for damages because of such misuse; and (3) the finding of the county committee that the materials have been used in a manner which is not in substantial accord with the purposes for which materials are furnished, and as to the amount of the material so misused, shall be final when approved by the State committee, subject to the right of appeal.

Notwithstanding any other provisions herein, in areas designated by the Administrator for any farm on which no performance is rendered under the 1939 program except the carrying out of practices through the use of materials furnished by the Agricultural Adjustment Administration the furnishing of such materials shall be in lieu of any payment which otherwise might be computed for the farm.

#### Sec. 16.—GENERAL PROVISIONS RELATING TO PAYMENTS

(a) **Payment restricted to effectuation of purposes of the program.**—(1) All or any part of any payment which otherwise would be made to any person under the 1939 program may be withheld (a) if he has adopted any practices which the Secretary determines tend to defeat any of the purposes of the 1939 or previous agricultural conservation programs, (b) if, by means of any corporation, partnership, estate, trust, or any other device, or in any manner whatsoever, he has offset, or has participated in offsetting, in whole or in part, the performance for which such payment is otherwise authorized, or (c) if, with respect to forest land or woodland owned or controlled by him, he has adopted any practice which the regional director finds is contrary to sound conservation practices.

(2) No payments other than payments in connection with the restoration land goal and in connection with soil-building practices shall be computed with respect to any farm which is idle in 1939.

(3) In areas designated by the Administrator as areas subject to serious wind erosion in 1939 no payment will be made to any person with respect to any farm which such person owns or operates in a county, if the county committee finds that such person has been negligent and careless in his farming operations by failing to carry out approved wind erosion control measures on land under his control to the extent that any part of such land has become a wind-erosion hazard in 1939 to the community in which such farm is located.

(b) **Payment computed and made without regard to claims.**—Any payment or share of payment shall be computed and made without regard to questions of title under State law, without deduction of claims for advances (except as provided in paragraph (d) of this section 16) and without regard to any claim or

lien against any crop, or proceeds thereof, in favor of the owner or any other creditor.

(c) **Changes in leasing and cropping agreements, reduction in number of tenants, and other devices.**—If on any farm in 1939 any change of the arrangements which existed on the farm in 1938 is made between the landlord and the tenants or sharecroppers and such change would cause a greater proportion of the payments to be made to the landlord under the 1939 program than would have been made to the landlord for performance on the farm under the 1938 program, payments to the landlord under the 1939 program with respect to the farm shall not be greater than the amount that would have been paid to the landlord if the arrangements which existed on the farm in 1938 had been continued in 1939, if the county committee certifies that the change is not justified and disapproves such change.

If on any farm the number of sharecroppers or share tenants in 1939 is less than the average number on the farm during the years 1936 to 1938, inclusive, and such reduction would increase the payments that would otherwise be made to the landlord, such payments to the landlord shall not be greater than the amount that would otherwise be made if the county committee certifies that the reduction is not justified and disapproves such reduction.

If the State committee finds that any person who files an application for payment pursuant to the provisions of the 1939 program has employed any other scheme or device, the effect of which would be or has been to deprive any other person of any payment under any agricultural conservation program to which such other person would normally be entitled, the Secretary may withhold in whole or in part from the person participating in or employing such a scheme or device, or require such person to refund in whole or in part, the amount of any payment which has been or would otherwise be made to such person in connection with the 1939 program.

(d) **Assignments.**—Any person who may be entitled to any payment in connection with the 1939 program may assign his interest in such payment as security for cash loaned or advances made for the purpose of financing the making of a crop in 1939. No such assignment will be recognized unless the assignment is made in writing on Form ACP-69 in accordance with instructions (ACP-70) issued by the Agricultural Adjustment Administration.

Nothing contained in this section 16 shall be construed to give an assignee a right to any payment other than that to which the farmer is entitled nor shall the Secretary or any disbursing agent be subject to any suit or liability if payment is made to the farmer without regard to the existence of any such assignment.

(e) **Excess cotton acreage.**—Any person who makes application for payment with respect to any farm located in a county in which cotton is planted in 1939 shall file with such application a statement that he has not knowingly planted or caused to be planted during 1939 cotton on land in any farm in which he has an interest in excess of the cotton acreage allotment established for the farm for 1939, and that cotton was not planted in excess of such allotment by his authority or with his consent.

Any person who knowingly plants cotton on his farm in 1939 on acreage in excess of the cotton acreage allotment established for the farm for 1939 shall not be eligible for any payment under the provisions of the 1939 program. Any person having an interest in the cotton crop on a farm on which cotton is planted in 1939 on acreage in excess of the cotton acreage allotment for the farm for 1939 shall be presumed to have knowingly planted cotton on his farm on acreage in excess of such farm cotton acreage allotment if notice of the farm allotment is mailed to him prior to the completion of the planting of cotton on the farm, unless the farmer establishes the fact that the excess acreage was planted to cotton due to his lack of knowledge of the number of acres in the tract(s) planted to cotton. Such notice, if mailed to the operator of the farm, shall be deemed to be notice to all persons sharing in the production of cotton on the farm in 1939.

(f) **Use of soil-conserving crops for market.**—Payment will not be made with respect to any farm unless on such farm in 1939 an acreage of cropland or restoration land, not devoted to soil-depleting crops, is withheld from the production of soil-conserving crops for market, equal to the acreage by which the normal acreage of soil-depleting crops on such farm exceeds the larger of (1) the total soil-depleting acreage allotment for the farm, or (2) the acreage devoted to soil-depleting crops on the farm in 1939: *Provided*, That payment shall not be



denied any farmer for using such soil-conserving crops for market (1) if in the county in which the farm is located the number of cows kept for the production of milk or products thereof for market does not exceed the normal number of such cows; (2) if on such farm the number of cows kept for the production of milk or the products thereof for market does not exceed the normal number of such cows; or (3) if the Agricultural Adjustment Administration determines either (a) that the farmer has substantially complied with the provisions of this paragraph, or (b) that the county, as a whole, is in substantial compliance with such provisions.

Any farmer shall be deemed to have substantially complied with the provisions of this paragraph either (1) if the increase above normal in the number of dairy cows on his farm does not exceed two cows; or (2) if none of the soil-conserving crops to which such provisions are applicable are used for market other than through the disposition of dairy livestock for slaughter or through the disposition of less than ten percent of the milk, or products thereof, produced on the farm. A county, as a whole, shall be deemed to be in substantial compliance with such provisions unless: (1) the number of cows kept for the production of milk in the county exceeds by more than five percent the normal number of such cows; (2) the acres retired from soil-depleting crops in the county exceed five percent of the normal acreage of such crops and exceed 1,000 acres; and (3) the average number of cows kept for the production of milk exceeds two cows per farm and exceeds two cows per 160 acres of farm land.

The normal acreage of soil-depleting crops and the number of cows kept for the production of milk or the products thereof for market shall be determined for any farm in accordance with instructions issued by the Agricultural Adjustment Administration, and the Agricultural Adjustment Administration shall determine from the latest available statistics of the Department, and shall announce, the counties not deemed to be in substantial compliance.

As used in this paragraph (f), the term "for market" means for disposition by sale, barter, or exchange, or by feeding (in any form) to dairy livestock which, or the products of which, are to be sold, bartered, or exchanged, and such term shall not include consumption on the farm. An agricultural commodity shall be deemed to be consumed on the farm if consumed by the farmer's family, employees, or household, or if fed to poultry or livestock other than dairy livestock on his farm, or if fed to dairy livestock on his farm and such dairy livestock, or the products thereof, are to be consumed by his family, employees, or household. As used in this paragraph (f), the term "soil-conserving crops" means grasses and legumes grown on cropland except those listed in the definition of soil-depleting acreage in section 2.

## Sec. 17.—APPLICATION FOR PAYMENT

(a) **Persons eligible to file applications.**—An application for payment with respect to a farm may be made by any person for whom, under the provisions of section 10, a share in the payment with respect to the farm may be computed and (1) who at the time of harvest is entitled to share in the crops grown on the farm under a lease or operating agreement, or (2) who is owner or operator of such farm and participates thereon in 1939 in carrying out approved soil-building practices or in carrying out conservation measures designed to promote restoration of a permanent vegetative cover on restoration land.

(b) **Time and manner of filing application and information required.**—Payment will be made only upon application submitted through the county office. The Secretary reserves the right (1) to withhold payment from any person who fails to file any form or furnish any information required with respect to any farm which such person is operating or renting to another person for a share of the crops grown thereon, and (2) to refuse to accept any application for payment if such application or any other form or information required is not submitted to the county office within the time fixed by the regional director. At least two weeks' notice to the public shall be given of the expiration of a time limit for filing prescribed forms. Such notice shall be given by mailing the same to the office of each county committee and making copies of the same available to the press.

(c) **Applications for other farms.**—If a person has the right to receive all or a portion of the crops or proceeds therefrom, produced on more than one farm in a county, and makes application for payment with respect to one of such farms, such person must make application for payment with respect to all such

farms which he operates or rents to other persons. Upon request by the State committee any person shall file with the committee such information as it may request regarding any other farm in the State with respect to which he has the right to receive all or a portion of the crops or proceeds thereof.

### Sec. 18.—APPEALS

Any person may, within 15 days after notice thereof is forwarded to or available to him, request the county committee in writing to reconsider its recommendation or determination with respect to any of the following matters affecting any farm in which he has an interest; (a) eligibility to file an application for payment; (b) any soil-depleting acreage allotment, usual acreage, or soil-building goal; (c) the division of payment; or (d) any other matter affecting the right to or the amount of his payment with respect to the farm. The county committee shall notify such person of its decision in writing within 15 days after receipt of such written request for reconsideration. If such person is dissatisfied with the decision of the county committee he may, within 15 days after such decision is forwarded to or made available to him, appeal in writing to the State committee. The State committee shall notify such person of its decision in writing within 30 days after the receipt of the appeal. If such person is dissatisfied with the decision of the State committee, he may, within 15 days after such decision is forwarded to or made available to him, request the regional director to review the decision of the State committee.

### Sec. 19.—STATE AND REGIONAL BULLETINS, INSTRUCTIONS, AND FORMS

The Agricultural Adjustment Administration is hereby authorized to make such determinations and to prepare and issue such State and regional bulletins, instructions, and forms as may be required pursuant to the provisions hereof in administering the 1939 program.

Done at Washington, D. C., this 16th day of June, 1939.  
Witness my hand and the seal of the Department of Agriculture.<sup>2</sup>



*H. Wallace*  
Secretary of Agriculture.

<sup>2</sup>This is the attestation of Supplement No. 14, to the 1939 Agricultural Conservation Program Bulletin. Attestations similar to that above appeared on the 1939 Agricultural Conservation Program Bulletin, approved November 10, 1938, and on each of the supplements 1 to 15, inclusive, which are included herein with the exception of county acreage allotments and county yields of corn. The supplements to the 1939 Agricultural Conservation Program Bulletin were approved on the following dates: Supplement No. 1, December 14, 1938; Supplement No. 2, December 30, 1938; Supplement No. 3, December 30, 1938; Supplement No. 4, December 30, 1938; Supplement No. 5, January 9, 1939; Supplement No. 6, February 6, 1939; Supplement No. 7, January 31, 1939; Supplement No. 8, January 25, 1939; Supplement No. 9, February 6, 1939; Supplement No. 10, February 18, 1939; Supplement No. 11, April 4, 1939; Supplement No. 12, April 10, 1939; Supplement No. 13, April 15, 1939; Supplement No. 14, June 16, 1939; Supplement No. 15, May 31, 1939.





# APPENDIX B.—STATISTICAL SUMMARIES—1939 CON- SERVATION PROGRAMS, SUGAR PROGRAM

## LIST OF EXHIBITS

### *1939 Conservation Programs*

	Exhibit No.
Participation and estimated gross payments.....	1
Estimated gross payments, by States and commodities.....	2
Soil-building practices.....	3
Range conservation program, participation and gross payments.....	4
Range-building practices.....	5
Price adjustment program, number of payees, net payments, and average size of payment, by commodities.....	6

### *Sugar Program*

Payments to sugar producers, 1939 program.....	7
Allotment of 1940 sugar quota for continental beet sugar area.....	8
Allotment of 1940 sugar quota for mainland cane sugar area.....	9
Allotment of 1940 sugar quota for Puerto Rico.....	10

# Exhibit No. 1.—PARTICIPATION AND ESTIMATED GROSS PAYMENTS, 1939 CONSERVATION PROGRAMS

State and Region	Applica- tion farms	Cropland on applica- tion farms	Total crop- land in State	Crop- land covered	Payees <sup>1</sup>	Estimated gross pay- ments <sup>1</sup>	Average payment per payee <sup>1</sup>
	<i>Number</i>	<i>Acres</i>	<i>Acres</i>	<i>Percent</i>	<i>Number</i>	<i>Dollars</i>	<i>Dollars</i>
Maine.....	16,764	938,514	1,451,246	64.7	16,943	1,822,302	107.55
New Hampshire.....	8,655	297,672	451,078	66.0	8,676	347,200	40.02
Vermont.....	12,910	785,948	1,149,757	68.4	12,935	893,923	64.93
Massachusetts.....	10,722	320,602	586,748	54.6	10,780	601,027	55.75
Rhode Island.....	959	33,430	75,033	44.6	959	55,730	58.11
Connecticut.....	6,541	250,941	531,454	47.2	6,675	532,075	79.71
New York.....	54,377	3,860,906	8,445,732	45.7	55,602	4,107,901	73.88
New Jersey.....	11,994	722,501	1,050,725	68.8	12,682	1,057,001	83.35
Pennsylvania.....	70,534	4,549,438	8,024,654	56.7	75,428	5,096,015	67.56
Total Northeast Region.....	193,456	11,759,952	21,766,427	54.0	200,680	14,459,174	72.05
Illinois.....	147,130	17,010,711	24,999,121	68.0	174,268	27,691,856	158.90
Indiana.....	109,003	9,086,060	14,675,568	61.9	135,322	14,343,076	105.99
Iowa.....	181,908	21,981,264	25,435,987	86.4	216,275	40,512,800	187.32
Michigan.....	128,049	7,815,814	11,377,078	68.7	134,382	7,634,783	56.81
Minnesota.....	155,630	17,270,002	21,180,352	81.5	169,440	21,441,577	126.54
Missouri.....	185,087	13,723,718	18,249,814	75.2	199,407	16,790,492	84.20
Nebraska.....	103,099	15,913,134	20,903,874	76.1	129,663	21,275,870	164.09
Ohio.....	131,908	8,064,755	13,511,003	59.7	148,229	12,602,419	85.02
South Dakota.....	101,500	15,759,487	16,768,242	94.0	106,390	15,997,514	150.37
Wisconsin.....	164,865	11,035,482	12,592,939	87.6	173,560	12,367,413	71.26
Total North Central Region.....	1,408,179	137,660,427	179,693,978	76.6	1,586,936	190,657,800	120.14
Delaware.....	7,503	507,300	583,100	87.0	9,980	666,756	66.81
Maryland.....	21,385	1,732,900	2,406,800	72.0	25,220	1,951,147	77.37
Virginia.....	75,941	3,702,500	5,444,900	68.0	97,200	3,993,183	41.08
West Virginia.....	45,634	1,450,900	1,909,100	76.0	46,550	1,519,200	32.64
North Carolina.....	136,304	4,916,100	7,803,400	63.0	238,501	8,615,611	36.12
Kentucky.....	148,610	9,148,900	11,295,000	81.0	228,850	9,728,764	42.51
Tennessee.....	150,717	8,114,900	9,546,900	85.0	257,700	10,209,675	39.62
Total East Central Region.....	586,094	29,573,500	38,989,200	75.9	904,001	36,684,336	40.58
Alabama.....	190,004	8,766,051	9,206,026	95.2	315,321	16,181,375	51.32
Arkansas.....	151,095	9,039,520	9,200,132	98.3	274,542	15,840,000	57.70
Florida.....	36,475	1,752,990	2,479,266	70.7	40,381	3,033,462	75.12
Georgia.....	146,507	9,140,796	11,282,894	81.0	246,052	14,854,065	60.37
Louisiana.....	92,982	5,295,703	5,660,949	93.5	190,595	9,312,146	48.86
Mississippi.....	146,574	8,304,652	8,626,521	96.3	350,107	19,844,218	56.68
Oklahoma.....	164,185	14,143,826	18,723,016	75.5	255,726	17,202,000	67.27
South Carolina.....	103,350	5,169,259	5,696,978	90.7	154,550	9,461,738	61.22
Texas.....	366,961	37,259,964	39,647,414	94.0	616,606	58,561,000	94.97
Total Southern Region.....	1,398,133	98,872,761	110,523,196	89.5	2,443,880	164,290,004	67.23
Arizona.....	4,714	593,872	709,682	83.7	5,149	2,430,039	471.94
California.....	67,916	5,333,341	9,306,308	57.3	64,501	8,998,102	139.50
Colorado.....	31,979	5,754,262	8,294,941	69.4	37,692	4,660,509	123.65
Idaho.....	25,237	3,199,521	4,146,400	77.2	30,225	4,476,751	148.11
Kansas.....	97,010	18,103,400	29,066,065	62.3	115,741	23,163,405	200.13
Montana.....	29,078	8,821,080	10,416,902	84.7	44,953	8,502,097	189.13
Nevada.....	1,674	210,806	368,244	57.2	1,801	167,835	93.19
New Mexico.....	16,371	1,640,376	2,414,502	67.9	19,122	3,144,091	164.42
North Dakota.....	82,449	22,457,315	23,930,032	93.8	115,840	20,739,161	179.03
Oregon.....	28,289	3,617,214	4,117,854	87.8	32,786	4,514,166	137.69
Utah.....	15,268	1,084,552	1,412,124	76.8	17,353	1,152,526	66.42
Washington.....	28,940	3,821,182	6,521,199	58.6	32,755	5,300,420	161.82
Wyoming.....	9,893	1,680,742	2,070,426	81.2	13,598	2,180,200	160.33
Total Western Region.....	438,818	76,317,663	102,774,679	74.3	531,516	89,429,302	168.25
Alaska.....	173	4,861	-----	-----	173	6,931	40.06
Hawaii.....	928	215,111	-----	-----	953	121,404	127.39
Puerto Rico.....	63,042	812,301	-----	-----	88,101	1,662,002	18.86
Total Insular Region.....	64,143	1,032,273	-----	-----	89,227	1,790,337	20.06
Total.....	4,088,823	355,216,576	453,747,480	78.1	5,756,240	497,310,953	86.40

<sup>1</sup> Includes range and naval stores conservation programs.

<sup>2</sup> Excludes Insular Region.

# Exhibit No. 2.—ESTIMATED GROSS PAYMENTS,<sup>1</sup> BY STATES AND COMMODITIES, 1939 CONSERVATION PROGRAMS

[All figures in thousands of dollars, i. e., 000 omitted]

State and Region	Cotton	Corn, com- mercial	Wheat	Pota- toes, com- mercial	TOBACCO				
					Flue- cured	Bur- ley	Dark	Cigar	Geor- gia- Florida
Maine.....				1,220					
New Hampshire.....				14				1	
Vermont.....				15				(?)	
Massachusetts.....				37				75	
Rhode Island.....				14					
Connecticut.....				64				177	
New York.....			355	409				15	
New Jersey.....			32	195					
Pennsylvania.....			1,382	331				189	
Total Northeast Region.....			1,769	2,299				457	
Illinois.....	23	17,033	2,972			(?)	(?)	(?)	
Indiana.....		7,455	2,656	55		83	5	(?)	
Iowa.....		27,788	960						
Michigan.....		785	1,452	421					
Minnesota.....		8,014	2,707	373				8	
Missouri.....	2,657	5,288	2,201	11		31			
Nebraska.....		10,788	4,705	146					
Ohio.....		5,389	2,830	72		61		109	
South Dakota.....		2,719	4,349	31					
Wisconsin.....		2,279	198	308				338	
Total North Central Region.....	2,680	87,538	25,030	1,417		175	5	455	
Delaware.....			212						
Maryland.....			804	25					
Virginia.....	251		483	216	192	76	175		
West Virginia.....			75			21			
North Carolina.....	4,367		43	103	1,335	52			
Kentucky.....	146	603	428	20		1,508	1,022		
Tennessee.....	4,584		265			378	480		
Total East Central Region.....	9,348	603	2,310	364	1,527	2,035	1,677		
Alabama.....	11,929				3	3			
Arkansas.....	11,510		6						
Florida.....	239				31				28
Georgia.....	10,040			1	319	1			
Louisiana.....	6,865								
Mississippi.....	16,195								
Oklahoma.....	6,088		4,962						
South Carolina.....	6,908			37	250				
Texas.....	30,730		5,495						
Total Southern Region.....	100,504		10,463	38	612	4			28
Arizona.....	1,650		96						
California.....	3,747		1,161	130					
Colorado.....			1,403	353					
Idaho.....			2,735	479					
Kansas.....	1	1,650	15,347	11		2			
Montana.....			4,662						
Nevada.....			41	4					
New Mexico.....	887		335						
North Dakota.....			11,777	181					
Oregon.....			2,337	152					
Utah.....			558	25					
Washington.....			3,511	138					
Wyoming.....			406	41					
Total Western Region.....	6,285	1,650	44,369	1,514		2			
Alaska.....									
Hawaii.....									
Puerto Rico.....								499	
Total Insular Region.....								499	
Total.....	118,817	89,791	83,941	5,632	2,139	2,216	1,682	1,411	28

<sup>1</sup> Includes amounts deducted for county association expenses.<sup>2</sup> Less than \$500.



# Exhibit No. 2.—ESTIMATED GROSS PAYMENTS, BY STATES AND COMMODITIES, 1939 CONSERVATION PROGRAMS—Continued

[All figures in thousands of dollars, i. e., 000 omitted]

State and Region	Pea- nuts, com- mercial	Rice	Vege- tables, com- mercial	Gen- eral diver- sion	Soil- build- ing prac- tices	Resto- ration land	Range	Naval stores	Total gross pay- ments
Maine.....			3		599				1,822
New Hampshire.....					332				347
Vermont.....					825				840
Massachusetts.....			55		434				601
Rhode Island.....			5		37				56
Connecticut.....			22		269				532
New York.....			149		3,180				4,108
New Jersey.....			272		558				1,057
Pennsylvania.....			77		3,117				5,096
Total Northeast Region.....			583		9,351				14,459
Illinois.....			18	4,200	3,446				27,692
Indiana.....			11	1,861	2,217				14,343
Iowa.....			7	7,142	4,616				40,513
Michigan.....			29	2,737	2,211				7,635
Minnesota.....			14	7,492	2,834				21,442
Missouri.....		1	12	2,364	4,225				16,790
Nebraska.....				2,995	1,863	171	608		21,276
Ohio.....			31	1,658	2,452				12,602
South Dakota.....				5,621	1,867	469	942		15,998
Wisconsin.....			15	6,018	3,211				12,367
Total North Central Region.....		1	137	42,088	28,942	640	1,550		190,658
Delaware.....			87		368				667
Maryland.....			129		993				1,951
Virginia.....	140		128		2,332				3,993
West Virginia.....					1,423				1,519
North Carolina.....	120		43		2,549			3	8,615
Kentucky.....			19		5,983				9,729
Tennessee.....					4,503				10,210
Total East Central Region.....	260		406		18,151			3	36,684
Alabama.....	198				3,830			218	16,181
Arkansas.....		291		608	3,425				15,840
Florida.....	30		298		1,826			582	3,034
Georgia.....	84				3,704			705	14,854
Louisiana.....		660	38		1,748			1	9,312
Mississippi.....			49		3,532			68	19,844
Oklahoma.....				4,329	1,331	75	417		17,202
South Carolina.....					2,196			62	9,462
Texas.....	53	316		10,632	5,422	90	5,823		58,561
Total Southern Region.....	365	1,267	385	15,569	27,014	165	6,240	1,636	164,290
Arizona.....			59		179		446		2,430
California.....		268	203	1,001	2,249		239		8,998
Colorado.....			35	1,401	954	210	305		4,661
Idaho.....			3		1,131		129		4,477
Kansas.....				3,661	2,192	119	180		23,163
Montana.....				991	1,945	246	658		8,502
Nevada.....					77		46		168
New Mexico.....				441	341	52	1,088		3,144
North Dakota.....				5,099	3,296	344	42		20,739
Oregon.....			46		1,805		174		4,514
Utah.....			9		474		87		1,153
Washington.....			44		1,514		94		5,301
Wyoming.....				251	546	69	867		2,180
Total Western Region.....		268	399	12,845	16,703	1,040	4,355		89,430
Alaska.....					7				7
Hawaii.....		3			45		73		121
Puerto Rico.....					1,163				1,662
Total Insular Region.....		3			1,215		73		1,790
Total.....	625	1,539	1,910	70,502	101,376	1,845	12,218	1,639	497,311

# Exhibit No. 3.—SOIL-BUILDING PRACTICES CARRIED OUT, 1939 CONSERVATION PROGRAMS

State and Region	NEW SEEDINGS							
	Alfalfa	Winter legumes, annual lespedeza, annual ryegrass, crotalaria, annual sweet clover	Perma- nent pas- ture mixtures	Timothy and redtop	Planting sod pieces		Other grasses and leg- umes	Total
					Peren- nial grasses	Kudzu		
	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres
Maine.....	123		168				99,858	100,149
New Hampshire.....	657		267				13,528	14,452
Vermont.....	4,313						42,525	46,838
Massachusetts.....	1,712		1,161				11,818	14,691
Rhode Island.....	380		90				1,048	1,518
Connecticut.....	1,579		676				2,237	4,492
New York.....	49,390		4,112				309,479	362,981
New Jersey.....	25,031		2,545				45,730	73,306
Pennsylvania.....	102,306		2,715				515,787	620,808
Total North- east Region.....	185,491		11,734				1,042,010	1,239,235
Illinois.....	189,982	608,605	9,063	105,314			2,602,596	3,515,560
Indiana.....	172,947	354,826	4,245	36,211			1,527,657	2,095,886
Iowa.....	317,153	321,380	6,216	121,133			3,736,638	4,502,520
Michigan.....	637,320	35,234	12,795	5,350			908,539	1,599,238
Minnesota.....	534,676	25,909	12,303	42,529			1,901,608	2,517,025
Missouri.....	79,175	2,119,649	1,058	268,306			739,056	3,207,244
Nebraska.....	190,761	34,030	10,107	2,428			653,397	890,723
Ohio.....	189,219	53,126	2,730	146,559			1,572,314	1,963,948
South Dakota.....	80,892	61,675	74,197	6,734			571,437	794,935
Wisconsin.....	547,100	24,171	510	31,827			1,391,836	1,995,444
Total North Central Re- gion.....	2,939,225	3,638,605	133,224	766,391			15,605,078	23,082,523
Delaware.....	896	88,971		51,258			53,494	194,619
Maryland.....	13,414	71,056		115,133			296,085	495,688
Virginia.....	12,671	312,592		100,874			432,026	858,163
West Virginia.....	12,506	32,555		69,712			181,185	295,958
North Carolina.....	2,505	757,650		3,683			129,267	893,105
Kentucky.....	40,480	849,830		192,195			1,313,283	2,395,788
Tennessee.....	23,586	1,677,127		82,702			454,904	2,238,319
Total East Cen- tral Region.....	106,058	3,789,781		615,557			2,860,244	7,371,640
Alabama.....	1,428	635,467	15,690	1,832	71	4,461	22,905	681,854
Arkansas.....	42,678	1,237,700	11,726		27,723	253	36,600	1,356,680
Florida.....		40,109	87,080		15,988	81	27	143,285
Georgia.....	1,004	625,645	9,498		955	3,790	3,337	644,229
Louisiana.....	16,721	292,938	17,325		267	15	8,720	335,986
Mississippi.....	32,570	764,221	9,469		489	784	24,114	831,647
Oklahoma.....	76,319	167,272	3,513	1,246	9,712	16	17,838	275,916
South Carolina.....	528	338,554	3,358		114	2,126	1,117	345,797
Texas.....	61,008	113,333	27,563	54	16,022	66	15,400	233,446
Total Southern Region.....	232,256	4,215,239	185,222	3,132	71,341	11,592	130,058	4,848,840
Arizona.....	47,231	5,119					1,970	54,320
California.....	181,957	50,722	6,604	310			38,812	278,405
Colorado.....	115,522		1,515	1,139		4	89,405	207,585
Idaho.....	158,345	1,224	27,388	1,092			127,082	315,131
Kansas.....	133,249	173,621	2,699	5,287		3	149,804	464,663
Montana.....	116,251	16,493	280,390	980			170,089	584,203
Nevada.....	13,019	307		394			4,362	18,082
New Mexico.....	34,914	307	292				11,007	46,520
North Dakota.....	30,470		176,596				1,420,566	1,627,632
Oregon.....	61,383	379,594	63,218	482			172,601	677,278
Utah.....	87,568		8,935	351			19,202	116,056
Washington.....	69,614	27,983	82,640	794			150,090	331,121
Wyoming.....	68,827		19,826	2,678			75,088	166,419
Total Western Region.....	1,118,350	655,370	670,103	13,507	7		2,430,078	4,887,415
United States total.....	4,581,380	12,298,995	1,000,283	1,398,587	71,348	11,592	22,067,468	41,429,653

**Exhibit No. 3.—SOIL-BUILDING PRACTICES CARRIED OUT, 1939  
CONSERVATION PROGRAMS—Continued**

State and Region	Renovat- ing per- ennial grasses and leg- umes	GREEN MANURE AND COVER CROPS					Mulch- ing
		Summer legumes	Sorghum and Sud- dan grass left on land	Natural vegeta- tive cover or small- grain stubble left on land	Other and unclassi- fied	Total	
	Acres	Acres	Acres	Acres	Acres	Acres	Tons
Maine.....					18,437	18,437	3,535
New Hampshire.....					3,308	3,308	2,129
Vermont.....							537
Massachusetts.....					32,148	32,148	6,004
Rhode Island.....					3,322	3,322	20
Connecticut.....					27,308	27,308	1,208
New York.....					106,795	106,795	47,396
New Jersey.....					170,414	170,414	7,050
Pennsylvania.....					85,586	85,586	1,837
Total Northeast Re- gion.....					447,318	447,318	69,716
Illinois.....					5,889	5,889	904
Indiana.....					3,909	3,909	574
Iowa.....					583	583	437
Michigan.....					96,001	96,001	6,755
Minnesota.....					67,478	67,478	52
Missouri.....					2,823	2,823	481
Nebraska.....			71,152		7,988	79,140	
Ohio.....					19,518	19,518	7,251
South Dakota.....			16,097		122	16,219	100
Wisconsin.....					14,282	14,282	1,307
Total North Central Region.....			87,249		218,593	305,842	17,861
Delaware.....		9,971			87,772	97,743	
Maryland.....		13,641			92,616	106,257	179
Virginia.....		141,745			207,681	349,426	
West Virginia.....		4,030			25,833	29,863	625
North Carolina.....		875,647			512,093	1,387,740	
Kentucky.....		58,890			190,575	249,465	667
Tennessee.....		437,788			261,620	699,408	364
Total East Central Region.....		1,541,712			1,378,190	2,919,902	1,835
Alabama.....		1,464,126			704,140	2,168,266	332
Arkansas.....		1,306,282			516,576	1,822,858	422
Florida.....		188,532			740,039	928,571	1,500
Georgia.....		2,199,336			779,221	2,978,557	1,214
Louisiana.....		1,105,154			394,354	1,499,508	1,506
Mississippi.....		1,483,452			1,038,370	2,521,822	
Oklahoma.....		145,324	174,522	214,380	444,658	978,884	104
South Carolina.....		1,151,516			479,547	1,631,063	130
Texas.....		852,290	339,417	154,290	2,397,253	3,743,250	480
Total Southern Re- gion.....		9,896,012	513,939	368,670	7,494,158	18,272,779	5,688
Arizona.....	65,096				28,378	28,378	
California.....	51,782				1,171,241	1,171,241	47,630
Colorado.....	118,875		282,277	573,524	169,234	1,025,035	4,844
Idaho.....	252,066				55,205	55,205	1,318
Kansas.....			306,357	720,527	75,283	1,102,167	184
Montana.....	88,222				1,589	1,589	8
Nevada.....	30,773				238	238	
New Mexico.....	12,942	63	112,183	88,999	40,262	241,507	
North Dakota.....			2,276		157,448	159,724	
Oregon.....	119,582				80,426	80,426	7,618
Utah.....	10,120				4,750	4,750	412
Washington.....	197,332				112,774	112,774	63,931
Wyoming.....	106,122		13		4,822	4,835	
Total Western Region.....	1,052,912	63	703,106	1,383,050	1,901,650	3,987,869	125,945
United States total.....	1,052,912	11,437,787	1,304,294	1,751,720	11,439,909	25,933,710	221,045



**Exhibit No. 3.—SOIL-BUILDING PRACTICES CARRIED OUT, 1939  
CONSERVATION PROGRAMS—Continued**

State and Region	FOREST TREE PRACTICES						FERTILIZER AND LIME APPLICATIONS	
	Planting forest trees	Main- taining stands	Improv- ing stands	Non- grazing woodlots	Rehabili- tating hurricane damaged wood- land	Total	Lime- stone	16 per- cent super- phos- phate or equiva- lent
	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Tons</i>	<i>Tons</i>
Maine.....	79	-----	1, 802	1, 222	1, 241	4, 344	39, 319	15, 681
New Hampshire.....	27	-----	281	199	12, 690	13, 197	16, 680	12, 955
Vermont.....	298	-----	463	18, 928	12, 589	32, 278	34, 687	42, 535
Massachusetts.....	150	-----	500	261	16, 878	17, 789	32, 277	11, 496
Rhode Island.....	36	-----	1	-----	782	819	4, 459	981
Connecticut.....	128	-----	91	-----	3, 762	3, 981	39, 142	6, 448
New York.....	2, 510	-----	536	4, 737	259	8, 042	409, 438	71, 419
New Jersey.....	76	-----	158	-----	-----	234	87, 034	6, 962
Pennsylvania.....	1, 630	-----	153	1, 205	-----	2, 988	705, 716	36, 539
Total Northeast Region.....	4, 934	-----	3, 985	26, 552	48, 201	83, 672	1, 368, 752	205, 016
Illinois.....	73	93	62	-----	-----	228	633, 128	2, 683
Indiana.....	284	70	91	-----	-----	445	170, 314	551
Iowa.....	80	29	43	-----	-----	152	192, 781	285
Michigan.....	3, 755	3, 012	5, 505	-----	-----	12, 272	294, 467	725
Minnesota.....	1, 453	1, 329	43, 280	-----	-----	46, 062	10, 177	62
Missouri.....	187	193	336	-----	-----	716	169, 719	744
Nebraska.....	4, 691	30, 401	90	160	-----	35, 342	450	-----
Ohio.....	483	202	54	-----	-----	739	248, 647	1, 477
South Dakota.....	3, 560	26, 523	37	30	-----	30, 150	-----	-----
Wisconsin.....	1, 183	809	9, 702	1, 402	-----	13, 096	249, 593	692
Total North Central Region.....	15, 749	62, 661	59, 200	1, 592	-----	139, 202	1, 969, 276	7, 219
Delaware.....	87	-----	1	-----	-----	88	23, 251	202
Maryland.....	72	-----	83	-----	-----	155	143, 657	2, 850
Virginia.....	464	-----	249	-----	-----	713	416, 062	54, 635
West Virginia.....	65	-----	794	-----	-----	859	271, 830	51, 510
North Carolina.....	1, 610	-----	2, 181	-----	-----	3, 791	149, 120	11, 717
Kentucky.....	557	-----	2, 777	-----	-----	3, 334	762, 974	115, 999
Tennessee.....	2, 487	-----	718	-----	-----	3, 205	452, 527	52, 465
Total East Central Re- gion.....	5, 342	-----	6, 803	-----	-----	12, 145	2, 219, 421	289, 378
Alabama.....	1, 582	2, 883	-----	-----	-----	4, 465	36, 055	40, 259
Arkansas.....	808	1, 002	-----	-----	-----	1, 810	25, 115	16, 797
Florida.....	4, 873	2, 932	-----	-----	-----	7, 805	30, 750	26, 096
Georgia.....	16, 297	10, 047	-----	-----	-----	26, 344	24, 361	4, 803
Louisiana.....	296	672	-----	-----	-----	968	957	2, 429
Mississippi.....	1, 848	1, 310	-----	-----	-----	3, 158	1, 962	6, 251
Oklahoma.....	1, 068	14, 295	-----	-----	-----	15, 363	3, 758	414
South Carolina.....	2, 884	3, 731	-----	-----	-----	6, 615	73, 123	855
Texas.....	294	14, 934	-----	-----	-----	15, 228	227	2, 966
Total Southern Region.....	29, 950	51, 806	-----	-----	-----	81, 756	196, 308	100, 870
Arizona.....	-----	-----	-----	-----	-----	-----	-----	288
California.....	306	701	-----	-----	-----	1, 007	-----	4, 738
Colorado.....	99	242	-----	-----	-----	341	-----	770
Idaho.....	39	66	-----	-----	-----	105	-----	5, 157
Kansas.....	407	16, 122	-----	-----	-----	16, 529	19, 941	783
Montana.....	169	288	-----	-----	-----	457	-----	243
Nevada.....	10	-----	-----	-----	-----	10	-----	164
New Mexico.....	1	-----	-----	-----	-----	1	-----	4, 248
North Dakota.....	984	15, 332	-----	-----	-----	16, 316	-----	37
Oregon.....	71	67	-----	-----	-----	138	12, 941	9, 292
Utah.....	7	6	-----	-----	-----	13	-----	1, 311
Washington.....	9	40	-----	-----	-----	49	5, 320	7, 233
Wyoming.....	147	432	-----	-----	-----	579	-----	139
Total Western Region.....	2, 249	33, 296	-----	-----	-----	35, 545	38, 202	34, 403
U. S. total.....	58, 224	147, 763	69, 988	28, 144	48, 201	352, 320	5, 791, 959	636, 886

**Exhibit No. 3.—SOIL-BUILDING PRACTICES CARRIED OUT, 1939  
CONSERVATION PROGRAMS—Continued**

State and Region	FERTILIZER AND LIME APPLI- CATIONS—continued			RESEEDING PASTURES		EROSION-CONTROL AND WATER-CON- SERVATION PRACTICES	
	Muriate of potash	Gyp- sum	Total	Natural, by deferred grazing	Artificial	Terracing	Dams and res- ervoirs
	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>	<i>Acres</i>	<i>Pounds</i>	<i>1,000 lin. feet</i>	<i>Cubic yards</i>
Maine.....	580	-----	55, 580	-----	820	-----	-----
New Hampshire.....	221	-----	29, 856	-----	340	-----	-----
Vermont.....	409	-----	77, 631	-----	-----	-----	-----
Massachusetts.....	1, 162	-----	44, 935	-----	3, 330	-----	-----
Rhode Island.....	109	-----	5, 549	-----	-----	-----	-----
Connecticut.....	301	-----	45, 891	-----	-----	-----	-----
New York.....	288	-----	481, 145	-----	1, 080	1	-----
New Jersey.....	1, 286	-----	95, 282	-----	-----	19	-----
Pennsylvania.....	1, 725	-----	743, 980	-----	8, 380	-----	-----
Total Northeast Region.....	6, 081	-----	1, 579, 849	-----	13, 950	20	-----
Illinois.....	3	109	635, 923	262	201, 014	70	-----
Indiana.....	7	20	170, 892	147	57, 029	5	228
Iowa.....	1	31	193, 098	2, 301	187, 172	21	15, 776
Michigan.....	183	7	295, 382	25	27, 862	-----	-----
Minnesota.....	24	67	10, 330	151	37, 270	-----	-----
Missouri.....	-----	-----	170, 463	3, 988	5, 532, 677	1, 056	200, 324
Nebraska.....	-----	-----	450	336, 389	118, 762	207	385, 977
Ohio.....	12	3	250, 139	332	245, 176	2	8
South Dakota.....	-----	2	2	524, 021	350, 202	105	1, 717, 751
Wisconsin.....	162	-----	250, 447	3, 996	525, 650	2	315
Total North Central Region.....	392	239	1, 977, 126	871, 612	7, 282, 814	1, 468	2, 320, 379
Delaware.....	43	-----	23, 496	-----	4, 403	-----	-----
Maryland.....	201	-----	146, 708	-----	31, 471	-----	-----
Virginia.....	425	-----	471, 122	-----	944, 303	942	-----
West Virginia.....	97	-----	323, 437	-----	-----	-----	-----
North Carolina.....	52	-----	160, 889	-----	712, 931	13, 355	-----
Kentucky.....	15	-----	878, 988	-----	4, 441, 644	556	-----
Tennessee.....	109	-----	505, 101	-----	804, 960	15, 153	-----
Total East Central Re- gion.....	942	-----	2, 509, 741	-----	6, 939, 712	30, 006	-----
Alabama.....	-----	-----	76, 314	-----	311, 340	67, 173	-----
Arkansas.....	-----	-----	41, 912	-----	203, 280	18, 760	39, 330
Florida.....	-----	-----	56, 846	-----	93, 670	3, 237	-----
Georgia.....	-----	-----	29, 164	-----	380, 330	27, 166	-----
Louisiana.....	-----	-----	3, 386	-----	125, 660	7, 672	-----
Mississippi.....	-----	-----	8, 213	-----	335, 960	42, 084	-----
Oklahoma.....	-----	-----	4, 172	244, 153	212, 820	27, 685	1, 591, 720
South Carolina.....	-----	-----	73, 978	-----	133, 730	15, 587	-----
Texas.....	-----	-----	3, 193	121, 472	361, 000	106, 821	2, 987, 780
Total Southern Region.....	-----	-----	297, 178	365, 625	2, 157, 790	316, 185	4, 618, 830
Arizona.....	-----	-----	288	-----	-----	-----	-----
California.....	-----	9, 559	14, 297	17, 168	103, 360	79	153, 820
Colorado.....	-----	-----	770	7, 207	44, 014	32	138, 209
Idaho.....	-----	1, 781	6, 938	791	83, 470	-----	1, 290
Kansas.....	-----	-----	20, 724	714, 426	921, 169	2, 309	1, 208, 290
Montana.....	-----	121	364	309, 813	86, 585	383	909, 710
Nevada.....	-----	-----	164	19, 419	17, 818	-----	2, 956
New Mexico.....	-----	24	4, 272	34, 142	8, 050	4, 483	147, 855
North Dakota.....	-----	-----	37	613, 309	260, 450	-----	1, 049, 920
Oregon.....	-----	14, 548	36, 781	80, 909	748, 708	7	30, 676
Utah.....	-----	-----	1, 311	131, 582	94, 101	6	93, 298
Washington.....	-----	1, 123	13, 676	248, 472	406, 069	-----	8, 030
Wyoming.....	-----	-----	139	55, 908	72, 959	-----	462, 261
Total Western Region.....	-----	27, 156	99, 761	2, 233, 146	2, 846, 753	7, 299	4, 206, 315
U. S. total.....	7, 415	27, 395	6, 463, 655	3, 470, 383	19, 241, 019	354, 978	11, 145, 524

**Exhibit No. 3.—SOIL-BUILDING PRACTICES CARRIED OUT, 1939  
CONSERVATION PROGRAMS—Continued**

State and Region	EROSION-CONTROL AND WATER-CONSERVATION PRACTICES—continued							
	Check dams and weirs	Ditching	Contour ridging pasture land	Pro- tecting muck lands by wind- breaks	Protected summer fallow	Strip cropping	Contour listing or furrowing	Contour cul- tivation follow- ing small grains
	<i>Cubic feet</i>	<i>Linear feet</i>	<i>1,000 Linear feet</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i> 427	<i>Acres</i>	<i>Acres</i>
Maine.....								
New Hampshire.....								
Vermont.....								
Massachusetts.....								
Rhode Island.....								
Connecticut.....								
New York.....				2,360		11,510		
New Jersey.....						720		
Pennsylvania.....						2,696	44	
<b>Total Northeast Region.....</b>				<b>2,360</b>		<b>15,353</b>	<b>44</b>	
Illinois.....						220	64	
Indiana.....				16				
Iowa.....				18		4	11	
Michigan.....						508		
Minnesota.....						289	147	
Missouri.....		7,913			1,004,206	96,370	1,625	
Nebraska.....						597	32	
Ohio.....		2,070		28	517,710	583,529	2,258	
South Dakota.....						14,327	6	
Wisconsin.....								
<b>Total North Central Re- gion.....</b>		<b>9,983</b>		<b>62</b>	<b>1,521,916</b>	<b>695,844</b>	<b>4,143</b>	
Delaware.....								
Maryland.....						154		
Virginia.....								
West Virginia.....						1,016		
North Carolina.....						427		
Kentucky.....						245	45	
Tennessee.....						468	652	
<b>Total East Central Region.....</b>						<b>2,310</b>	<b>697</b>	
Alabama.....			977			336	332	
Arkansas.....			1,064			6,528	1,256	
Florida.....								
Georgia.....			6,738			1,308	512	
Louisiana.....			3,100			352	732	
Mississippi.....			1,546			1,048		
Oklahoma.....	2,324	197,400	1,648		330,896	4,320	201,848	940
South Carolina.....			153			12,424	244	
Texas.....	6,804	2,641,200	5,505		1,098,113	98,344	3,374,428	
<b>Total Southern Region.....</b>	<b>9,128</b>	<b>2,838,600</b>	<b>20,731</b>		<b>1,429,009</b>	<b>124,660</b>	<b>3,579,352</b>	<b>940</b>
Arizona.....		41,340						
California.....		107,400				48	728	
Colorado.....	489	193,920			614,220	* 45,340	61,963	143
Idaho.....	224	15,600			286,168		12	
Kansas.....		27,570			2,752,460	116,092	27,586	318
Montana.....	8,984	255,390			13,439	2,221,142	200	
Nevada.....	1,245	146,640						
New Mexico.....	76	165,060			96,267	12,376	166,849	1,064
North Dakota.....		3,000			962,616	1,221,844	772	
Oregon.....	4,579	112,500			438,292		224	
Utah.....	4,242	44,407			138,052		268	
Washington.....					519,723			
Wyoming.....	339	120,887			34,552	122,327	829	
<b>Total Western Region.....</b>	<b>20,178</b>	<b>1,233,714</b>			<b>5,855,789</b>	<b>3,739,169</b>	<b>259,431</b>	<b>1,525</b>
<b>United States total.....</b>	<b>29,306</b>	<b>4,082,297</b>	<b>20,731</b>	<b>2,422</b>	<b>8,806,714</b>	<b>4,577,336</b>	<b>3,843,667</b>	<b>2,465</b>



**Exhibit No. 4.—RANGE: PARTICIPATION AND GROSS PAYMENTS, 1939  
CONSERVATION PROGRAMS—Continued**

State and Region	EROSION-CONTROL AND WATER-CONSERVATION PRACTICES—continued					Sand- ing cran- berry bogs	Weed control
	Contour farming inter- tilled crops	Contour seeding small- grain crops	Pit cultiva- tion	Leveling hum- mocks created by wind erosion	Total (ex- cluding dams, ditches, and terraces)		
	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>
Maine.....	1,663				2,090		
New Hampshire.....							
Vermont.....							
Massachusetts.....						3,226	
Rhode Island.....						20	
Connecticut.....							
New York.....	314				14,184		
New Jersey.....	216				936	640	
Pennsylvania.....					2,740		
Total Northeast Region.....	2,193				19,950	3,886	
Illinois.....	58				342		
Indiana.....					16		
Iowa.....	4,282	48			4,341		19
Michigan.....		1			23	11	
Minnesota.....	430	445			1,383	7	68
Missouri.....	3,997	817			5,250		
Nebraska.....	49,191	5,209	471		1,157,072		1,472
Ohio.....					629		
South Dakota.....	6,962	1,543	986		1,113,016		1,972
Wisconsin.....	134				14,467	339	863
Total North Central Region.....	65,054	8,063	1,457		2,296,539	357	4,394
Delaware.....							
Maryland.....					154		
Virginia.....							
West Virginia.....					1,016		
North Carolina.....					427		
Kentucky.....					260		
Tennessee.....					1,120		
Total East Central Region.....					3,007		
Alabama.....					668		
Arkansas.....	352	60			8,196		
Florida.....							
Georgia.....					1,820		
Louisiana.....					1,084		
Mississippi.....					1,048		
Oklahoma.....	514,728	184,620	235,426		1,472,778		43
South Carolina.....					12,668		
Texas.....	4,909,232	655,760	668,138		10,804,015		
Total Southern Region.....	5,424,312	840,440	903,564		12,302,277		43
Arizona.....							668
California.....		7,020	500		8,296		4,376
Colorado.....	69,497	16,773	5,886		813,822		707
Idaho.....	32	1,880	30		288,122		7,448
Kansas.....	91,683	55,825	771,325		3,815,289		26,887
Montana.....	218	3,072	5,841		2,243,912		8,694
Nevada.....							54
New Mexico.....	394,524	40,362		57	711,499		175
North Dakota.....	584	3,280	170		2,189,266		2,689
Oregon.....		1,395			439,911		13,039
Utah.....		10,385			148,705		5,948
Washington.....		30			519,753		10,924
Wyoming.....	773	701	497		159,679		1,527
Total Western Region.....	557,311	140,723	784,249	57	11,338,254		83,136
United States total.....	6,048,870	989,226	1,689,270	57	25,960,027	4,243	87,573

**Exhibit No. 4.—RANGE; PARTICIPATION AND GROSS PAYMENTS, 1939  
CONSERVATION PROGRAM**

State and Region	Ranches covered by applications	Payees	Range land	GRAZING CAPACITY		Gross pay-ments
				Animal units	Acres per animal unit	
	<i>Number</i>	<i>Number</i>	<i>Acres</i>			<i>\$1,000</i>
Nebraska.....	3,095	3,054	10,450,524	588,339	17.8	608
South Dakota.....	5,667	5,715	13,860,717	655,361	21.1	942
Total North Central Region.....	8,762	8,769	24,311,241	1,243,700	19.5	1,550
Oklahoma.....	1,982	1,993	4,728,563	367,947	12.9	417
Texas.....	22,236	22,246	78,241,807	4,780,371	16.4	5,823
Total Southern Region.....	24,218	24,239	82,970,370	5,148,318	16.1	6,240
Arizona.....	539	540	10,566,676	247,615	42.7	446
California.....	1,219	1,224	6,035,239	312,497	19.3	239
Colorado.....	1,589	1,594	8,189,553	188,027	43.6	305
Idaho.....	711	729	3,141,728	75,815	41.4	129
Kansas.....	811	811	2,886,451	146,781	19.7	180
Montana.....	3,020	3,020	16,430,926	367,772	44.7	658
Nevada.....	127	127	1,930,524	34,307	56.3	46
New Mexico.....	2,477	2,501	27,680,414	668,758	41.4	1,088
North Dakota.....	225	232	889,657	28,921	30.8	42
Oregon.....	1,073	1,075	5,441,357	136,354	39.9	174
Utah.....	488	492	2,728,239	55,671	49.0	87
Washington.....	502	502	2,718,368	59,542	45.7	94
Wyoming.....	2,338	2,341	17,458,052	482,798	36.2	867
Total Western Region.....	15,119	15,188	106,097,184	2,804,858	37.8	4,355
United States total.....	48,099	48,196	213,378,795	9,196,876	23.2	12,145

# Exhibit No. 5.—RANGE-BUILDING PRACTICES, 1939 CONSERVATION PROGRAM

## AMOUNT CARRIED OUT

State and Region	RESEEDING RANGE LAND			EROSION AND RUN-OFF CONTROL				WATER DEVELOPMENT	
	Natural, by deferred grazing	Artificial reseeding	Artificial sodding	Contour listing, furrowing, or subsoiling	Contour ridging	Construction of spreader dams	Construction of spreader terraces	Construction of earthen tanks or reservoirs	Construction of concrete or rubble masonry dams
	<i>Acres</i>	<i>Pounds</i>	<i>Acres</i>	<i>Acres</i>	<i>1,000 feet</i>	<i>Cubic yards</i>	<i>Linear feet</i>	<i>Cubic yards</i>	<i>Cubic yards</i>
Nebraska.....	2,304,609	23,260	-----	150	-----	30,903	7,668	299,832	-----
South Dakota.....	102,034	76,615	-----	843	-----	223,029	153,056	4,535,023	-----
North Central Region.....	2,406,643	99,875	-----	993	-----	253,932	160,724	4,834,855	-----
Oklahoma.....	743,072	176,500	632	3,399	252	7,448	38,642	2,001,776	322
Texas.....	5,397,340	1,548,240	2,870	108,666	27,089	1,538,484	6,567,290	16,292,974	32,568
Southern Region.....	6,140,412	1,724,740	3,502	112,065	27,341	1,545,932	6,605,932	18,294,750	32,890
Arizona.....	1,069,279	4,200	-----	4,304	-----	296,234	-----	2,045,496	2,578
California.....	1,034,034	102,702	-----	28	-----	4,014	33,015	221,867	353
Colorado.....	1,806,592	281,507	-----	29,426	-----	18,826	316,487	526,976	71
Idaho.....	740,831	178,994	-----	145	-----	26,204	69,509	155,698	-----
Kansas.....	435,271	32,334	-----	3,285	-----	-----	2,425	874,850	-----
Montana.....	3,634,128	355,691	-----	570	-----	209,043	192,366	2,502,512	-----
Nevada.....	374,363	30,163	-----	-----	-----	18,139	75,071	31,553	-----
New Mexico.....	4,377,654	98,147	-----	58,442	-----	677,122	401,094	3,771,481	1,559
North Dakota.....	218,374	6,085	-----	-----	-----	3,202	-----	144,208	-----
Oregon.....	1,243,671	97,746	-----	-----	-----	32,046	10,710	102,594	-----
Utah.....	271,954	86,260	-----	-----	-----	19,153	550	234,346	-----
Washington.....	503,137	9,967	-----	22	-----	2,136	-----	319,451	32
Wyoming.....	1,214,708	76,065	-----	1,232	-----	352,752	281,204	4,674,688	-----
Western Region.....	16,923,996	1,359,861	-----	97,454	-----	1,658,871	1,382,431	15,606,120	4,593
Total.....	25,471,051	3,184,476	3,502	210,512	27,341	3,458,735	8,149,087	38,735,725	37,483

## NUMBER OF RANCHES ON WHICH CARRIED OUT

Nebraska.....	2,614	57	-----	8	-----	39	7	293	-----
South Dakota.....	3,406	247	-----	17	-----	234	66	4,612	-----
North Central Region.....	6,020	304	-----	25	-----	273	73	4,905	-----
Oklahoma.....	1,099	233	33	21	9	11	8	955	6
Texas.....	3,961	1,390	120	355	211	572	337	8,023	293
Southern Region.....	5,060	1,623	153	376	220	583	345	8,978	299
Arizona.....	115	3	-----	9	-----	97	-----	374	26
California.....	748	152	-----	1	-----	1	5	57	3
Colorado.....	943	307	-----	132	-----	30	19	400	2
Idaho.....	452	314	-----	2	-----	24	9	60	-----
Kansas.....	319	29	-----	15	-----	-----	1	358	-----
Montana.....	1,909	562	-----	8	-----	204	30	1,254	-----
Nevada.....	76	45	-----	-----	-----	23	14	11	-----
New Mexico.....	1,161	65	-----	268	-----	342	34	1,192	17
North Dakota.....	154	10	-----	-----	-----	1	-----	111	-----
Oregon.....	753	203	-----	-----	-----	20	3	65	-----
Utah.....	273	207	-----	-----	-----	34	3	110	-----
Washington.....	431	40	-----	1	-----	2	-----	49	1
Wyoming.....	620	166	-----	13	-----	295	64	1,485	-----
Western Region.....	7,954	2,103	-----	449	-----	1,073	182	5,526	49
Total.....	19,034	4,030	153	850	220	1,929	600	19,409	348



## Exhibit No. 5.—RANGE-BUILDING PRACTICES, 1939 CONSERVATION PROGRAM—Continued

## AMOUNT CARRIED OUT

State and Region	WATER DEVELOPMENT—CON.		FOREST TREE PRACTICES		ELIMINATION OF DESTRUCTIVE PLANTS				Establishment of fire-guards
	Drilling or digging wells	Development of natural watering places	Planting trees	Maintaining a stand of trees	Prickly-pear and cactus	Mesquite	Cedar	Lechuguilla	
	<i>Linear feet</i>	<i>Cubic feet</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Linear feet</i>
Nebraska.....	137,649	4,540	2,109	2,720					
South Dakota.....	23,217	79,431	324	272					
North Central Region.....	160,866	83,971	2,433	2,992					
Oklahoma.....	21,900	10,534	30		27,486	2,497	56		60,219
Texas.....	574,486	43,971	289		1,721,762	120,342	668,736	157,750	7,967,303
Southern Region.....	596,386	54,505	319		1,749,248	122,839	668,792	157,750	8,027,522
Arizona.....	23,978	27,480							
California.....	10,471	174,463							6,560,088
Colorado.....	32,520	46,687			399				
Idaho.....	2,899	45,728							468,072
Kansas.....	15,263	13,785			7,321				
Montana.....	10,034	103,902							1,069,376
Nevada.....	6,114	11,227							
New Mexico.....	61,250	19,168							
North Dakota.....	2,898	15,356							174,732
Oregon.....	7,214	144,401							4,000
Utah.....	1,669	69,325							
Washington.....	2,568	19,390							1,416,888
Wyoming.....	56,166	69,910			2,266				
Western Region.....	233,044	760,822			9,986				9,693,156
Total.....	990,296	899,298	2,752	2,992	1,759,234	122,839	668,792	157,750	17,720,678

## NUMBER OF RANCHES ON WHICH CARRIED OUT

Nebraska.....	982	17	420	391					
South Dakota.....	257	256	67	61					
North Central Region.....	1,239	273	487	452					
Oklahoma.....	193	37	3		274	38	1		7
Texas.....	1,775	100	4		5,244	1,468	6,489	57	102
Southern Region.....	1,968	137	7		5,518	1,506	6,490	57	109
Arizona.....	87	40							
California.....	81	542							93
Colorado.....	225	168			7				
Idaho.....	18	211							10
Kansas.....	131	42			87				
Montana.....	88	413							17
Nevada.....	29	14							
New Mexico.....	309	37							
North Dakota.....	16	43							4
Oregon.....	42	434							1
Utah.....	13	119							
Washington.....	18	107							18
Wyoming.....	306	187			31				
Western Region.....	1,363	2,357			125				143
Total.....	4,570	2,767	494	452	5,643	1,506	6,490	57	252

**Exhibit No. 6.—NUMBER OF PAYEES, NET PAYMENTS, AND AVERAGE SIZE OF PAYMENT, BY COMMODITIES, 1939 PRICE ADJUSTMENT PROGRAM**

State and Region	NUMBER OF PAYEES					NET PAYMENTS	
	Corn	Cotton	Rice	Wheat	Total	Corn	Cotton
New York.....				10,367	10,367	\$1,000	\$1,000
New Jersey.....				948	948		
Pennsylvania.....				36,849	36,849		
Northeast Region.....				48,164	48,164		
Illinois.....	204,635	734		92,397	297,766	11,451	23
Indiana.....	132,380			106,361	238,741	4,886	
Iowa.....	251,623			33,079	284,702	18,208	
Michigan.....	21,884			68,618	90,502	457	
Minnesota.....	92,895			100,050	192,945	5,095	
Missouri.....	137,265	30,508		105,835	273,608	3,689	2,173
Nebraska.....	155,767			96,062	251,829	7,937	
Ohio.....	107,578			114,858	222,436	3,552	
South Dakota.....	45,943			119,036	164,979	1,720	
Wisconsin.....	36,418			22,993	59,411	1,303	
North Central Region.....	1,186,388	31,242		859,289	2,076,919	58,298	2,196
Delaware.....				3,500	3,500		
Maryland.....				13,900	13,900		
Virginia.....		16,200		11,400	27,600		253
West Virginia.....				1,300	1,300		
North Carolina.....		201,100		4,700	205,800		4,604
Kentucky.....	12,600	4,800		15,500	32,900	318	102
Tennessee.....		137,000		13,400	150,400		3,564
East Central Region.....	12,600	359,100		63,700	435,400	318	8,523
Alabama.....		306,050		49	306,099		8,930
Arkansas.....		248,119	1,892	861	250,872		9,020
Florida.....		16,070			16,070		230
Georgia.....		263,493		271	263,764		8,275
Louisiana.....		167,353	12,710		180,063		5,175
Mississippi.....		339,614			339,614		12,436
Oklahoma.....		193,037		66,301	259,338		5,052
South Carolina.....		166,438		188	166,626		5,664
Texas.....		559,900	1,090	60,160	621,150		24,898
Southern Region.....		2,260,674	15,692	127,830	2,403,596		79,680
Arizona.....		3,990		677	4,667		1,505
California.....		10,852	931	7,221	19,004		3,506
Colorado.....				26,784	26,784		
Idaho.....				29,401	29,401		
Kansas.....	46,698	67		141,121	187,886	1,515	2
Montana.....				43,449	43,449		
Nevada.....				961	961		
New Mexico.....		6,590		3,965	10,555		783
North Dakota.....				144,175	144,175		
Oregon.....				14,659	14,659		
Utah.....				12,670	12,670		
Washington.....				10,724	10,724		
Wyoming.....				5,995	5,995		
Western Region.....	46,698	21,499	931	441,802	510,930	1,515	5,796
Hawaii.....			61		61		
United States.....	1,245,686	2,671,915	16,684	1,540,785	5,475,070	60,131	96,195

**Exhibit No. 6.—NUMBER OF PAYEES, NET PAYMENTS, AND AVERAGE SIZE OF PAYMENT, BY COMMODITIES, 1939 PRICE ADJUSTMENT PROGRAM—Continued**

State and Region	NET PAYMENTS—CON.			AVERAGE SIZE OF PAYMENT				
	Rice	Wheat	Total	Corn	Cotton	Rice	Wheat	Total
	\$1,000	\$1,000	\$1,000	Dollars	Dollars	Dollars	Dollars	Dollars
New York.....		208	208				20.09	20.09
New Jersey.....		26	26				27.48	27.48
Pennsylvania.....		754	754				20.46	20.46
Northeast Region.....		988	988				20.52	20.52
Illinois.....		2,051	13,525	55.96	31.87		22.19	45.42
Indiana.....		1,804	6,690	36.91			16.96	28.02
Iowa.....		640	18,848	72.36			19.34	66.20
Michigan.....		909	1,366	20.88			13.25	15.10
Minnesota.....		1,664	6,759	54.85			16.63	35.03
Missouri.....		1,553	7,415	26.87	71.22		14.67	27.10
Nebraska.....		3,042	10,979	50.96			31.67	43.60
Ohio.....		1,930	5,482	33.02			16.80	24.64
South Dakota.....		2,672	4,392	37.44			22.45	26.62
Wisconsin.....		108	1,411	35.76			4.71	23.74
North Central Region.....		16,373	76,867	49.13	70.30		19.05	37.01
Delaware.....		120	120				34.21	34.21
Maryland.....		483	483				34.74	34.74
Virginia.....		310	563		15.66		27.16	20.41
West Virginia.....		44	44				33.96	33.96
North Carolina.....		75	4,679		22.89		16.12	22.74
Kentucky.....		284	704	25.25	21.25		18.32	21.40
Tennessee.....		179	3,743		26.01		13.32	24.88
East Central Region.....		1,495	10,336	25.25	23.74		23.46	23.74
Alabama.....		1	8,931		29.18		9.80	29.18
Arkansas.....	329	8	9,357		36.35	173.72	9.77	37.30
Florida.....			230		14.31			14.31
Georgia.....		9	8,284		31.41		34.93	31.41
Louisiana.....	782		5,957		30.92	61.53		33.08
Mississippi.....			12,436		36.62			36.62
Oklahoma.....		2,903	7,955		26.17		43.79	30.67
South Carolina.....		5	5,669		34.03		26.40	34.02
Texas.....	333	3,403	28,634		44.47	305.73	56.56	46.10
Southern Region.....	1,444	6,329	87,453		35.26	92.02	49.51	36.38
Arizona.....		63	1,568		377.18		93.70	336.06
California.....	355	854	4,715		323.09	380.94	118.22	248.08
Colorado.....		946	946				35.34	35.34
Idaho.....		1,777	1,777				60.43	60.43
Kansas.....		9,880	11,397	32.45	24.97		70.01	60.66
Montana.....		2,924	2,924				67.30	67.30
Nevada.....		25	25				26.06	26.06
New Mexico.....		214	997		118.79		53.94	94.43
North Dakota.....		7,361	7,361				51.05	51.05
Oregon.....		1,478	1,478				100.82	100.82
Utah.....		353	353				27.85	27.85
Washington.....		2,309	2,309				215.32	215.32
Wyoming.....		245	245				40.89	40.89
Western Region.....	355	28,429	36,095	32.45	269.58	380.94	64.35	70.65
Hawaii.....	3		3			46.13		46.13
United States.....	1,802	53,614	211,742	48.27	36.00	107.97	34.80	38.67



**Exhibit No. 7.—PAYMENTS TO SUGAR PRODUCERS—1939 PROGRAM**

[Actual payments, except for Louisiana and Puerto Rico payments, which are estimated (as of Aug. 31, 1940)]

Continental sugar beet:		Continental sugar beet—Continued.	
California.....	\$5, 358, 680. 94	Wisconsin.....	\$ 302, 072. 90
Colorado.....	3, 275, 137. 91	Wyoming.....	1, 092, 372. 17
Idaho.....	1, 935, 668. 59		
Illinois.....	47, 129. 49	Total.....	21, 184, 547. 53
Indiana.....	124, 382. 84		
Iowa.....	90, 915. 67	Continental sugarcane:	
Kansas.....	108, 887. 53	Florida.....	592, 525. 61
Michigan.....	1, 867, 955. 58	Louisiana.....	<sup>1</sup> 4, 907, 369. 78
Minnesota.....	547, 575. 31		
Montana.....	1, 864, 603. 15	Total.....	5, 499, 895. 39
Nebraska.....	1, 555, 910. 06		
Nevada.....	36, 437. 42	Insular region:	
New Mexico.....	4, 623. 02	Hawaii.....	8, 974, 974. 25
North Dakota.....	243, 318. 44	Puerto Rico.....	<sup>2</sup> 10, 600, 000. 00
Ohio.....	694, 971. 46		
Oregon.....	196, 748. 39	Total.....	19, 574, 974. 25
South Dakota.....	141, 232. 25		
Texas.....	2, 176. 46	Grand total....	46, 259, 417. 17
Utah.....	1, 290, 624. 76		
Washington.....	403, 123. 19		

<sup>1</sup> The total obligations to Louisiana sugar producers recorded through Aug. 31, 1940 amounted to \$4,907,369.78, of which \$4,761,500.89 had been paid and \$145,868.89 had been encumbered for future payment.

<sup>2</sup> While it is expected that the 1939 program payments to Puerto Rican sugar producers will amount to approximately \$10,600,000, only \$1,444,560.29 had been paid as of Aug. 31, 1940.

**Exhibit No. 8.—ALLOTMENT OF 1940 SUGAR QUOTA FOR CONTINENTAL BEET SUGAR AREA**

Processor:	Allotment (short tons, raw value)	Processor—Continued.	Allotment (short tons, raw value)
Amalgamated Sugar Co.	127, 594	Menominee Sugar Co..	7, 602
American Crystal Sugar Co.	188, 732	Michigan Sugar Co....	75, 706
Central Sugar Co.....	10, 633	Monitor Sugar Co.....	19, 405
Franklin County Sugar Co.	12, 759	Mount Clemens Sugar Beet Growers Association.....	438
Garden City Sugar Co..	7, 921	National Sugar Co.....	8, 506
Great Lakes Sugar Co..	33, 228	Northeastern Sugar Co..	6, 739
Great Western Sugar Co.	398, 730	Ohio Sugar Co.....	7, 443
Gunnison Sugar Co....	8, 463	Paulding Sugar Co....	8, 506
Holly Sugar Corporation.	206, 382	Spreckels Sugar Co....	176, 770
Isabella Sugar Co.....	10, 633	Superior Sugar Co....	10, 101
Lake Shore Sugar Co..	15, 949	Union Sugar Co.....	31, 101
Layton Sugar Co.....	10, 845	Utah-Idaho Sugar Co..	154, 016
Los Alamitos Sugar Co.	11, 696	Total.....	1, 549, 898

# Exhibit No. 9.—ALLOTMENT OF 1940 SUGAR QUOTA FOR MAINLAND CANE SUGAR AREA

Processor:	<i>Allotment (short tons, raw value)</i>	Processor—Continued.	<i>Allotment (short tons, raw value)</i>
Alma Plantation, Ltd.....	5, 896	Milliken & Farwell, Inc..	12, 015
J. Aron & Co., Inc.....	6, 295	M. A. Patout & Son.....	5, 544
Billeaud Sugar Factory..	8, 535	Poplar Grove Planting & Refining Co.....	5, 707
Blanchard Planting Co....	2, 041	Realty Operators, Inc....	28, 319
Caire & Graugnard.....	2, 880	Roane Sugars, Inc.....	4, 962
Caldwell Sugars, Inc.....	5, 742	E. G. Robichaux Co., Ltd.....	4, 570
A. & J. E. Champagne....	146	Ruth Sugar Co., Inc.....	2, 483
Columbia Sugar Co.....	3, 446	St. James Operators, Inc..	455
Cora-Texas Manufactur- ing Co., Inc.....	3, 776	San Francisco P. & M. Co., Ltd.....	1, 409
Cypremort Sugar Co., Inc.....	5, 224	Clarence J. Savoie.....	5, 696
Delgado-Albania Planta- tion Commission.....	5, 102	Shadyside Co., Ltd.....	4, 777
Dugas & LeBlanc, Ltd....	6, 708	Slack Bros.....	2, 788
Duhe & Bourgeois Sugar Co., Inc.....	5, 465	Smedes Bros., Inc.....	2, 859
Erath Sugar Company....	8, 048	Mrs. L. M. Soniat (es- tate).....	3, 179
Evan Hall Sugar Coopera- tive.....	9, 415	South Coast Corpora- tion.....	27, 593
Evangeline Pepper & Food Products Co....	2, 764	Sterling Sugars, Inc.....	10, 466
W. Prescott Foster.....	5, 890	J. Supple's Sons Planting Co., Ltd.....	4, 499
E. J. Gay Planting Manu- facturing Co.....	2, 716	Tally Ho, Inc.....	3, 867
Glenwood Sugar Coopera- tive, Inc.....	5, 161	Teche Sugar Co., Inc....	3, 992
Godchaux Sugars, Inc....	28, 445	Valentine Sugars, Inc....	7, 928
Haas Investment Co., Inc..	2, 696	Vermilion Sugar Co.....	5, 528
Helvetia Sugar Coopera- tive, Inc.....	3, 974	Vida Sugars, Inc.....	3, 303
Iberia Sugar Co.....	8, 667	Waguespack Planting Co..	206
M. J. Kahao.....	213	Waterford Sugar Coopera- tive, Inc.....	4, 810
Kessler & Sternfels.....	277	Waverly Sugar Manufac- turing Co. Ltd.....	140
Lafourche Sugar Co.....	5, 682	Webre-Steib Co., Ltd....	776
T. Lanau's Sons.....	110	A. Wilbert's Sons L. & S. Co.....	5, 735
Harry L. Laws & Co., Inc.....	13, 470	Youngsville Sugar Co....	5, 459
Levert-St. John, Inc.....	8, 371	Baldwin Sugar Co.....	1, 050
Louisiana Penitentiary Board.....	4, 546	Breaux Bridge Sugar Co- operative, Inc.....	5, 051
Louisiana State Univer- sity.....	350	McCollam Bros.....	93
Magnolia Sugar Coopera- tive, Inc.....	3, 479	D. Moresi's Sons.....	2, 371
The Maryland Co., Inc....	3, 520	Fellsmere Sugar Produc- ing Association.....	3, 797
S. M. Mayer.....	59	U. S. Sugar Corporation..	54, 218
Meeker Sugar Refining Co.....	5, 412	Other Processors.....	0
		Total.....	420, 167

## Exhibit No. 10.—ALLOTMENT OF 1940 SUGAR QUOTA FOR PUERTO RICO

	Continental U. S. market- ing allotment	Marketing allotment for local con- sumption
	<i>Short tons, raw value</i>	<i>Short tons, raw value</i>
Processor:		
Aguirre (3 mills).....	81, 779. 5	7, 254. 1
Boca Chica and Mercedita.....	42, 722. 1	3, 789. 6
Cambalache.....	36, 901. 4	3, 273. 3
Canovanas and Fajardo.....	79, 254. 0	7, 030. 1
Canos.....	16, 051. 5	1, 423. 8
Caribe.....	7, 065. 1	626. 7
Carmen.....	14, 194. 9	1, 259. 1
Coloso.....	34, 401. 5	3, 051. 6
Constancia-Ponce.....	6, 554. 5	581. 4
Constancia-Toa.....	19, 602. 7	1, 738. 8
El Ejemplo and Roig.....	33, 986. 0	3, 014. 7
Eureka.....	18, 878. 4	1, 674. 6
Eastern Sugar Associates.....	78, 009. 4	6, 919. 7
Guamaní.....	9, 459. 3	839. 1
Guanica.....	78, 297. 0	6, 945. 2
Herminia.....	1, 766. 7	156. 7
Igualdad.....	20, 147. 9	1, 787. 2
Juanita.....	21, 861. 9	1, 939. 3
Lafayette.....	25, 820. 2	2, 290. 4
Monserate.....	11, 686. 8	1, 036. 7
Pellejas.....	4, 116. 8	365. 2
Plata.....	14, 837. 5	1, 316. 2
Playa Grande.....	7, 194. 9	638. 2
Plazuela.....	18, 625. 0	1, 652. 1
Río Llano and Soller.....	12, 109. 0	1, 074. 1
Rochelaise.....	8, 942. 8	793. 3
Rufina.....	24, 417. 0	2, 165. 9
San Francisco.....	5, 475. 3	485. 6
Santa Barbara.....	2, 867. 5	254. 4
San Vicente.....	29, 919. 0	2, 653. 9
San Jose, Inc. <sup>1</sup> .....	14, 374. 8	1, 275. 1
Victoria.....	16, 661. 6	1, 477. 9
Total.....	797, 982. 0	70, 784. 0

<sup>1</sup> Formerly Central Vannina.



## APPENDIX C.—WASHINGTON ORGANIZATION OF THE A. A. A.

The Agricultural Adjustment Administration operates as a bureau within the Department of Agriculture, with central administrative offices in Washington. The organization is headed by the Administrator. Under his direction the program is carried out through division directors and an executive assistant in charge of personnel management, general service, and fiscal management.

The division directors were responsible for carrying out the regional programs in 1939 as follows:

Southern Division—South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Arkansas, Texas, and Oklahoma.

East Central Division—Tennessee, Kentucky, North Carolina, Virginia, West Virginia, Maryland, and Delaware.

Northeast Division—Pennsylvania, New Jersey, New York, Connecticut, Massachusetts, Maine, Vermont, New Hampshire, and Rhode Island.

North Central Division—Ohio, Michigan, Indiana, Illinois, Wisconsin, Iowa, Missouri, Nebraska, South Dakota, and Minnesota.

Western Division—North Dakota, Kansas, Colorado, Wyoming, Montana, New Mexico, Arizona, California, Utah, Nevada, Idaho, Oregon, and Washington.

Insular Division—Puerto Rico, and the Territories of Alaska and Hawaii.

The Division of Information and the Consumers' Counsel Division, each headed by a director, were in charge of specialized activities covering the whole country.

### DIVISION OF INFORMATION

In general, the Division of Information directs and supervises the informational activities of the Administration, serving all divisions. It cooperates with the administrative divisions and State and local committees of the A. A. A., and with the Agricultural Extension Service, vocational agriculture teachers, women's clubs, civic groups, farm organizations, farm journals, newspapers, and other agencies in planning and carrying out educational programs in connection with agricultural adjustment.

### CONSUMERS' COUNSEL DIVISION

The Consumers' Counsel Division represents the interests of consumers in the programs and activities of the Administration.

Effective February 1, 1940, this division was placed under the general supervision and direction of the Director of Marketing, Department of Agriculture.

### SUGAR DIVISION

Closely related to the A. A. A., with its conditional payment program administered in the field by A. A. A. committees, the Sugar Division operated as part of the A. A. A. under both the Jones-Costigan Act and the Sugar Act of 1937 except for the period November 15, 1938, to February 1, 1940, during which the program was under the supervision of the Director of Marketing and Regulatory Work.

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